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President Hosni Mubarak talking Wednesday with Secretary of State Alexander M. Haig Jr.

Haig Says Egypt Will Push Talks

Israelis to Get Fresh Pressure

By Bernard Gwertzman
New York Times Service

CAIRO — Secretary of State Alexander M. Haig Jr. said Wednesday after conferring with President Hosni Mubarak that the Egyptian leader had agreed to an intensified effort in the coming months to achieve a breakthrough in the negotiations with Israel for Palestinian self-rule in the West Bank and Gaza Strip.

In a 90-minute meeting at Mr. Mubarak's office, Mr. Haig was reported to have told him that the United States believed Egypt and Israel had spent enough time over the past 20 months inconclusively discussing the issues and that he was ready to give his attention to helping them to accelerate their efforts for an accord.

"Our view is that we welcome the participation of Secretary Haig in the process because we feel that it will push forward the negotiations for the autonomy," Kamil Hassan Ali, Egypt's foreign minister, told reporters later.

Mr. Haig is to fly to Israel on Thursday to confer with Prime Minister Menachem Begin and Foreign Minister Yitzhak Shamir on their reaction to his plans for pushing the negotiations forward. Assuming that the Israelis agree, Mr. Haig must then decide whether to devote a considerable portion of his time in the near future to Middle East negotiations or to appoint a special negotiator to do most of the work.

Mr. Haig, speaking to reporters, said he had received "the very firm and clear commitment of President Mubarak to intensify our efforts in the period ahead to achieve progress on autonomy and to work in concert for broadening of the peace process with a view towards a lasting, just peace in the region."

He said he hoped "to achieve a greater momentum with the results of a breakthrough in the period ahead, and I hope this will be possible."

The Israelis and Egyptians have been negotiating for a broadly worded declaration of principles that would outline the duties and responsibilities of a self-governing authority that would be elected by the Palestinians living in the West Bank and Gaza.

(Continued on Page 2, Col. 1)

737 Hits Washington Bridge; Skids Into Potomac in Storm

From Agency Dispatches

WASHINGTON — A Boeing 737, taking off in a heavy snowstorm, slammed into a commuter-packed bridge here Wednesday and plunged into the Potomac River. The number of dead and injured was not immediately known.

Witnesses said that the plane hit the bridge, then struck a number of automobiles on the bridge, shearing off the tops of the cars. National Airport officials said that the plane was Air Florida Flight 90 from Washington to Tampa, Fla. It carried 73 passengers and a crew of seven, they said.

Police said that people had been killed, but they did not know how many. A photographer said that he saw bodies strapped into airplane seats under the water.

Sixteen survivors had arrived at two Washington hospitals more than an hour after the crash.

The Federal Aviation Administration said that the twin-engine craft crashed about 4 p.m. local time after hitting the 14th Street Bridge connecting the District of Columbia with Virginia. Commu-

ters were packed on the bridge because the federal government had let employees off early because of the snowstorm.

The snow stopped shortly after the crash, but the foul weather impeded rescue efforts.

Witnesses' Accounts

Jerome Lancaster, an Air Force sergeant who was in the traffic jam on the bridge at the time of the crash, said, "It looked like he [the pilot] lost his direction. The plane's wheel hit a truck."

"I counted about six or seven who were alive, but they were messed up," he said. "We threw a rope out to one passenger."

Another witness, Terrence Bell, said the plane hit five or six cars and a truck on the bridge. A policeman at the scene said some of the people in the cars had been killed.

Mr. Bell said the nose of the plane broke away from the fuselage, plunged off the bridge and sank into the Potomac. The tail section also broke away and

floated for about 20 minutes, Mr. Bell said. He said he saw five or six persons emerge and escape across the ice coating the river.

A radio reporter on the scene said a fireman dived into the river in an effort to save one person who appeared about to go under.

A helicopter dangled a life ring from a cable, but survivors were having trouble holding onto the ring as the helicopter attempted to take them to the shore and one person slipped back into the river.

Survivors clung to the wreckage, and bodies could be seen on the bridge, witnesses said. A radio reporter said that there were bodies on the bridge and cars in the river.

Twin-Engine Jet

Other witnesses said there were survivors clinging to the wreckage. They said that bodies could be seen both on the bridge and in the river.

The Boeing 737 is a short-range twin-engine jet. Air Florida said its 737s can carry from 107 to 128 seats, depending on the configuration.

It was the first major air crash in the United States since the air traffic controllers went on strike Aug. 3.

On New Year's Day, the FAA said that the nation's major airlines had logged 26 consecutive months without a fatal accident. The last fatal crash involving a major carrier occurred on Oct. 31, 1979, when a Western Airlines DC-10 crashed in Mexico City.

There had not been a fatal airline crash at National Airport since 1949, when an Eastern Airlines DC-4 collided with a military plane. Fifty-one persons were killed.

Under government regulations, planes have to take off and land in a flight path over the river and are not allowed over Washington and its heavily populated suburbs.

A National Airport spokesman said the airport had been closed earlier for 75 minutes for snow removal, and the facility reopened at 2:50 p.m. Only one runway was in use.

France Hints It Will Put Safeguard On Any Nuclear Fuel Sent to Iraq

By Edward Cody

PARIS — The French government has given the clearest public indication so far that it will insist on a special low-grade fuel for any nuclear reactor it builds in Iraq to replace the one destroyed by Israel in June.

Use of the fuel, called "caramel," would mean that uranium for the Iraqi reactor could be kept to an enrichment level as low as 7 percent, well below widely recognized requirements for production of nuclear weapons yet sufficient to allow the reactor to serve as the research and training center Iraq and France say it is designed to be.

Israel cited fears that Iraq intended to make nuclear bombs as the reason for its June 7 raid on the French-built reactor at Tamuz, near Baghdad. Prime Minister Menachem Begin has mentioned the same fears in his warnings that any attempt to rebuild the reactor will bring on another Israeli bombing raid.

It is unclear whether Iraq will accept French conditions if Paris makes them part of a take-it-or-leave-it offer. According to reports in the French press, Iraqi officials have warned they will shop else-

where, possibly in Italy, if they are unable to get the kind of reactor they want from France.

French officials said talks on rebuilding Tamuz have not come to a conclusion and Iraq has not been forced to make a clear-cut decision on what type of controls it would accept.

Meanwhile, French and Iraqi scientists are considering the possibility of a bomb-resistant cover as the site for any new reactor, a knowledgeable source reported.

President Francois Mitterrand's government last fall announced a willingness in principle to rebuild the reactor despite Mr. Begin's warnings. At the same time, Mr. Mitterrand's ministers have been careful to add assurances that they will require increased safeguards against the possibility of using the reactor to build nuclear weaponry. Because of secrecy surrounding negotiations under way with President Saddam Hussein's government in Baghdad, however, the assurances have remained expressions of principle.

But in a written answer to a question on Tamuz in the French Senate last week, the minister of external relations, Claude Cheysson, made what French sources described Tuesday as a clear allusion

to insistence on use of the caramel fuel.

"The French government intends to develop cooperation in the area of peaceful nuclear energy use with different countries — notably the Third World — that wish to do so, taking into account French interests as well as those of purchasing countries and in line with the orientation of our foreign policy such as it is defined for export of nuclear material, in the Council on Foreign Nuclear Policy," he said.

"Exclusively Peaceful"

"It is obvious that Franco-Iraqi cooperation will take into account the possibilities offered by the most recent engineering, including in the area of fuel, so as to assure that the use of this reactor is exclusively peaceful," he added.

The council, which groups Mr. Mitterrand's key ministers along with government nuclear experts, held a secret meeting just before Christmas in which the sources said was an effort to define the Socialist government's policy on nuclear exports, including the Tamuz issue.

Although nothing has filtered out about what the council decided, (Continued on Page 2, Col. 1)

Life in Poland: A New Paralysis

Hopes for a Better Future Yield to Depression

By John Damton

WARSAW — Five women were sitting in the treatment room of a cosmetics parlor, their faces piled with mud packs, wrinkle-erasing ointments and various creams. One remarked listlessly that tangerines were in the shops for the first time in a year.

"Wonder which of our friends they come from," said a second, drawing out the word "friends" in heavy irony.

A third wondered when it would be possible to travel abroad again, so that she could leave the country for good. It was not, in the context of today's Poland, a non sequitur.

For almost everyone, the combination of economic misery — despite the occasional tangerine — and oppressive restrictions of personal freedom under martial law has made everyday life just about unbearable. Hundreds, no doubt thousands, now talk openly about one dream — going to the West.

Political Excitement

Before, during the days of Solidarity, there were economic hardships, severe ones. Thousands did emigrate. But there was also for many a compensatory political excitement, a sense of history-making convulsion in the air and the hope of a future that might be better than the past 35 years.

Now the hope is gone and the economic depriva-

tions will worsen. The whole country is steeped in a morbid depression.

"It's the end of the dream and the beginning of the big sleep," said one writer who can no longer publish here. "We will hibernate for a decade. Martial law is like the snow outside — look at it, tranquil, cold, deep, deadening. Nothing moves."

On Sunday, four weeks after martial law moved in on tank treads, telephones resumed service, but only inside cities, not from one city to another.

Most Poles are under a strict curfew from 11 p.m. to 6 a.m., and are not allowed to travel. They cannot buy gasoline. They cannot read newspapers that have honest news. They cannot gather in groups. They cannot even purchase writing paper.

Continuum of Coups

To a correspondent who has covered military coups in Africa, the continuum of coups, the degree of paralysis injected into national life is amazing. This correspondent has lived in countries where telephones did not always work. He has visited remote regions where gasoline was hard to come by. But they were countries just entering the modern age where people did not rely upon such things.

To deprive an industrial European society of communication and transportation is to throw it back into the Dark Ages. It brings confusion and affliction (Continued on Page 2, Col. 2)

W. Germany Won't Block Gas Dealings

Firms Could Sidestep U.S. Call for Sanctions

By John Tagliabue

BONN — The West German government indicated Wednesday that it would do nothing to hinder West German companies from sidestepping the effects of U.S. sanctions on the construction of a gas pipeline to carry Soviet natural gas to Western Europe.

According to a government spokesman, Economics Minister Otto Lambdoff told the Bundestag on Wednesday that President Reagan's request to allies not to undercut U.S. sanctions "referred only to such American deliveries in which the United States is the prime supplier and not a secondary supplier."

To Deny Licenses

The Reagan administration last week decided to deny export licenses to the General Electric Co. to deliver \$175 million of components for the pipeline. Although the spokesman, Kurt Becker, refused to apply Mr. Lambdoff's interpretation of the U.S. request to individual cases, it apparently means that West Germany will not prevent companies from seeking suppliers to replace General Electric, if necessary.

After imposing sanctions against the Soviet Union last month, the United States urged its allies to take parallel steps, or at least not to take actions that would undermine U.S. measures.

The West German interpretation is expected to meet with strong U.S. disapproval. Washington is believed to have asked European allies and Japan not to supply vital components for the pipeline.

Economic Measures

Mr. Becker said that Mr. Lambdoff made his remarks in an interpretation for the West German Cabinet of the segments of the North Atlantic Treaty Organization statement on Monday that referred to the "possibility of economic measures against the Soviet Union."

Mr. Lambdoff reportedly said that as far as he knew, "the participants in the Western European natural gas deal continue to adhere fundamentally to the pact." Mr. Lambdoff said he said to have repeated the contention by Chancellor Helmut Schmidt that the U.S. sanctions had "merely the character of a political signal."

(Continued on Page 2, Col. 3)

New Soviet Planes Spotted in Cuba, Presenting a Dilemma for Reagan

By George C. Wilson

WASHINGTON — U.S. intelligence has detected crates of new Soviet aircraft at an airfield outside Havana, according to officials, presenting the Reagan administration with a dilemma on how to react.

If President Reagan or any of his Cabinet members sound the alarm about the new shipment of planes to Cuba, there may be demands from conservatives to do something about it.

This was the problem President Jimmy Carter encountered in October, 1978, after his defense secretary, Harold Brown, warned him that the MiG-23s the Russians were sending to Cuba might be a

violation of the 1962 Washington-Moscow "understanding" that ended that year's missile crisis.

The Soviet Union in those understandings promised to refrain from sending offensive weapons to Cuba. The MiG-21 and MiG-23 fighters sent to Cuban President Fidel Castro since 1962 have been described by Washington and Havana as defensive.

It cannot be learned from satellite and reconnaissance plane photography alone whether a MiG has been wired for offensive operations, conceivably including a nuclear attack. But the Reagan administration has continued to send planes over Cuba equipped with devices for detecting nuclear weapons and has found none, sources said.

However, the recent spotting of six to eight crates of aircraft in Cuba means that the Soviet Union at a minimum is continuing to modernize the Cuban Air Force and, at a maximum, may be sending the Cubans a bombing version of the plane, which could represent a violation of the 1962 understanding.

Nobody is sure of what is in those crates. So, as of Tuesday night, the administration was preparing a short statement taking note of the shipment without setting off alarm bells the president is not prepared to answer.

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EMPTY RAILS — London's Waterloo Station was quiet Wednesday as train drivers began a two-day strike — and threatened more — against state-run British Rail. Page 2.

Polish Deputy Premier Assails West's Demands

By John Damton

WARSAW — Polish Deputy Premier Mieczyslaw Rakowski on Wednesday attacked pressures from the West to relax martial law as interference in Poland's internal affairs and said that it could not be predicted when martial law would be lifted or political detainees would be released.

Mr. Rakowski depicted the imposition of martial law Dec. 13 as a drastic but necessary step to save the country from civil war and said that it was now serving as an "umbrella" under which necessary reforms could be implemented.

"We're not really bound to this 'state of war,'" he said, referring to the constitutional provision under which martial law was imposed. "It was a difficult decision. Morally and politically, we know life. We know the decision caused shock with negative results in the social consciousness."

"It's difficult to establish the day when it will be lifted. We're not treating it as a lasting element in the political life of Poland. But want to use it as an umbrella for conducting necessary economic and social reforms."

Interviewed in his office in the Council of Ministers building, Mr. Rakowski said that the government was working on more than 30 separate pieces of legislation that "will make significant changes in the functioning of the state." He did not go into detail.

He said that he believed that certain features of the Polish liberalization during the last 16 months, including some form of unions not directly under state control, would be continued. But the future could not be seen with clarity, he suggested.

Other points that he stressed during the interview included the following:

- Lech Walesa, the leader of Solidarity, who is under house arrest, is being "talked to" but no progress in the talks has apparently been made. Mr. Rakowski's negative comments indicate that he does not believe Walesa is cooperating with a reported government plan to involve him in a tamed Solidarity union.
- Charges by the West that the Soviet Union was involved in the martial-law decision were "rubbish" and President Reagan, in particular, had no understanding of the real situation in Poland.
- The struggle for the face of Polish Socialism still continues. "A remark that indicates that an ideological power struggle within the Communist Party and the military hierarchy is under way."
- The country is being effectively run by an eight-man group, four generals and four civilians, one of which is Mr. Rakowski. "Of course, the decisive voice belongs to Gen. [Wojciech] Jaruzelski," who heads the government, the Communist Party and the Military Council for National Salvation.

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"The state of war was intended to put an end to growing anarchy and the destruction of the Polish economy," Mr. Rakowski said. "It is certain that today, were it not for the state of war, Poles couldn't survive this severe winter. We would have been the poor man of Europe."

"This is an internal matter. For the West to ask us to abolish the state of war is the same as if I asked Britain to abolish its royal system. It's a cynical play. Either that or some people in the West are sorry that they lost hope that certain things they expected to happen here will not happen."

"We can't lift martial law today or tomorrow," Mr. Rakowski said. "We'd just return to the situation existing before Dec. 13, and this modern Poland — the strike dance — would start anew."

Japan Is Shifting Its Priorities in Foreign Policy for '82

New Minister Favors Increased Imports, Aid to Seoul and Closer Military Ties With U.S.

By Henry Scott Stokes

TOKYO — A month after he took office as foreign minister, Yoshio Sakuruchi, feels that Japanese foreign policies in 1982 will be different from those favored under his predecessor, Sunao Sonoda.

In an interview in his office, Mr. Sakuruchi, 69, a veteran politician who has served in parliament since 1952, listed what he saw as Japan's priorities for the new year.

He mentioned a renewed effort to open Japan's home market to imports from the United States and Western Europe, a major aid program for South Korea and enhanced military cooperation with the United States. All of these policies were opposed by Mr. Sonoda.

More Pro-American

Mr. Sakuruchi has a more pro-American stance than his predecessor, a sometimes vehement critic of the United States.

However, the new foreign minister did not hesitate to offer implicit criticism of the United States, notably on Washington's differences with Peking over arms sales to Taiwan.

"The axis of Japan's diplomacy is Japan-U.S. relations," he said, "but the development of good and stable relations with China is also a main pillar of Japanese diplomacy."

A Japanese diplomat said earlier that a Chinese deputy premier, Gu Mu, asked the Japanese during a visit here in

December to let Washington know of China's concern over Taiwan's arms deals with the United States.

Mr. Sakuruchi made no reference to the request, nor did he explicitly question U.S. arms sales to Taiwan, but unlike Mr. Sonoda, he is known as one who favors hints in diplomacy, not bombast.

The new foreign minister's first action was to meet with the South Korean ambassador, Choi Kyung Nok, to discuss Seoul's request for \$6 billion in economic aid, which diplomats say has been cut to \$4 billion. The foreign minister is a strong supporter of President Chun Doo Hwan of South Korea, and he believes that Japan's security is closely tied to South Korea.

Japanese aid to South Korea is now about \$80 million a year.

The United States and Japan agreed in 1978 to work out "guidelines" for joint defense staff planning for emergencies. This agreement was regarded by U.S. officials as a milestone in their efforts to get Japan to address defense issues seriously.

Last week, Mr. Sakuruchi and Seichiro Ito, the head of Japan's defense agency, met with U.S. Ambassador Mike Mansfield and the U.S. Pacific commander, Adm. Robert Long, and agreed to take the studies further to cover East Asia as a whole, not only Japan.

"It was affirmed between Japan and the United States that a study will be started on contingencies in the Far East area extending outside Japan," Mr. Sakuruchi said, putting emphasis on the words "outside Japan" through an interpreter.

"The Japanese government hopes that we will achieve smoother and more effective operation of the Japan-U.S. security arrangements," he said.

On the issue of trade with the United States, a perennial threat to good relations between the two countries, Mr. Sakuruchi said the outlook is uncertain.

Question of Tariffs

He said that Japan will decide on new steps to "further increase imports to Japan, including measures to open up the Japanese market" by the end of January in an effort to lessen in trade surplus with the United States, which is estimated to have been \$18 billion in 1981. This will be done, he said, mainly by "reducing and eliminating non-tariff barriers" as asked for by the United States and the European Economic Community.

"I am fully aware that strong concern is mounting on the American side, centering on the U.S. Congress," Mr. Sakuruchi said. He noted that Premier Zenko Suzuki had already decided to move up tariff reductions due in 1983 and 1984 to this year. These reductions, Japanese officials said, would reduce Japan's average tariff to 4.9 percent, the lowest of any industrial nation.

But the foreign minister said he doubted that this will reduce Japan's burgeoning trade surplus. "It is, of course, hard to say that these measures will result in a drastic lowering of the trade surplus now enjoyed by Japan," he said, echoing a view widely held by American businessmen in Japan.

Search Continues For Thatcher Son

New York Times Service

LONDON — Denis Thatcher, Prime Minister Margaret Thatcher's husband, flew to Algeria on Wednesday to help oversee the search for his 28-year-old son, Mark, who is missing somewhere in the Sahara.

The younger Mr. Thatcher, a sports car driver, was participating in an automobile rally from Paris to Dakar, Senegal. He was last seen on Friday.

At a public appearance in London on Wednesday afternoon, the prime minister broke into tears when asked about her son, and said: "I'm sorry, there is no news, I am very concerned." French President Francois Mitterrand ordered three French Air Force planes to fly to Algeria and join Algerian aircraft in the search.

INSIDE

DeLorean

In strife-torn Belfast, as many as 80 stainless-steel cars a day have rolled off the assembly line of DeLorean Motor Cars' modern plant, itself the occasional victim of violence. But despite that very real outward mark of success, the fledgling automobile concern faces an awesome array of problems. Page 5.

Tight Money

Two Federal Reserve economists are arguing that maintaining a tight-money policy in the face of the large budget deficits projected by the Reagan administration could lead to more, not less inflation. Page 7.

Rail Drivers' Action Halts British Trains; Mine Strike Vote Set

Reuters
LONDON — Britain was threatened with another winter of labor strife Wednesday as a strike stopped the country's railways the day before a coal miners' strike vote.

In the first of a series of pay and productivity strikes by 20,000 train drivers, the 11,000-mile (17,600-kilometer) rail network was brought to a halt on the first day of a declared two-day strike.

The drivers' union, the Associated Society of Locomotive Engineers and Firemen, called for strikes every Sunday and another two-day stoppage next Wednesday and Thursday. It also banned overtime and work on Saturdays.

British Rail said that at its board meeting Friday it would consider suspending drivers who took part in the strikes. Neither side had plans for a meeting to discuss the dispute.

The country's 250,000 coal miners, meanwhile, prepared for two days of balloting starting Thursday to decide on authorization for a strike. A winter coal strike in 1974 brought down the Conservative government of Edward Heath.

Changed Rosters

The train drivers' strike was called as a result of British Rail's refusal to pay them the 3-percent second stage of an agreed two-part 11-percent wage increase. British Rail said the union failed to help improve productivity.

Also in dispute is a British Rail

plan to change duty rosters from the present eight-hour shift to permit flexible shifts of between seven and nine hours. The union says the change could cost 1,000 jobs.

The threat of suspensions without pay for all strikers was made by Sir Peter Parker, chairman of British Rail, who said the industry could be wrecked by the strike.

He said the strike was costing British Rail about £6 million (\$11 million) a day in lost passenger and freight revenue.

Underground railways in London and other major cities were not involved in the dispute.

Vote of Confidence

In the coal industry, the two-day strike ballot that starts Thursday is being seen as a vote of confidence in the miners' militant new leader, Arthur Scargill.

Mr. Scargill, 43, was elected president of the National Union of Mineworkers last month but does not take over formally until March.

A vote for a strike will support the union's demand of a 23.7-percent pay increase that would give the miners, Britain's best-paid manual workers, a minimum weekly wage of £100. A vote against a strike will mean acceptance of the coal industry's offer of 9.3 percent.

Mr. Scargill has already forecast a replay of the 1974 coal strike, which lasted seven weeks, reduced British industry to a three-day work week and brought down the Heath government.

Haig Reports Egypt's Assent To Push Talks on Autonomy

(Continued from Page 1)

Bank of the Jordan River and the Gaza Strip, areas occupied by Israel since the 1967 war.

Israel and Egypt have been in fundamental disagreement since the negotiations began in May, 1979, under the terms of the Egyptian-Israeli peace treaty. The chief obstacle has been differing interpretations of the self-governing authority itself.

The Egyptians believe the body should have about 120 members and have administrative, legislative and judicial authority for running the West Bank and Gaza. The Israelis, concerned that this might lead to more independence than they are willing to concede, want the body limited to about 15 members who have only administrative responsibility.

The Israelis are to complete their withdrawal from the Sinai on April 25, and the Americans believe that in the coming months there is an opportunity for more active negotiations for a Palestinian self-rule agreement.

The Egyptian and Israelis also disagree on the future security arrangements for the Palestinian area, with the Egyptians wanting the Israeli military and police presence and duties to be very limited. There is also a major difference over whether East Jerusalem should be included as part of the West Bank and its Arab residents permitted to vote for the ruling authority.

The Egyptians claim that since East Jerusalem, like the West Bank, was controlled by Jordan prior to 1967, it should be treated the same as the West Bank. The Israelis, having annexed East Jerusalem, have refused to include it in the negotiations.

Differences Remain

JERUSALEM (WP) — On the eve of Mr. Haig's visit here, Israeli officials said they viewed his mission as addressing only the fundamental differences in Egyptian and Israeli interpretations of the proposed autonomy for Palestinians.

French Stand On Iraq Fuel

(Continued from Page 1)

ed, Mr. Chénou's declaration — the first such statement since the meeting — seemed to indicate that strong controls and the low-grade fuel will be part of any new deal with Iraq, a source in the nuclear field said.

The fuel takes the form of small brown squares resembling caramel candy — hence its nickname. A French development, it has been hailed as giving countries the possibility of nuclear research without raising fears of expanding the nuclear-weapons club.

French sources said another condition being discussed is an extension of the period during which French technicians would be present at any new reactor. This is almost as important as the type of fuel, they say, but it is not known whether Iraq would accept such a condition.

W. Germany Won't Block Gas Dealings

(Continued from Page 1)

Anything else, Mr. Lambdortorf was described as having told the Cabinet, such as a real economic effect on the Soviet economy, "was not considered very likely."

Russia Warns West

MOSCOW — The Soviet Union denied on Wednesday that it pressured Poland's leaders into imposing martial law, and warned the West not to interfere in the Warsaw Pact country.

A statement by Tass said that U.S. charges that the Soviet Union was involved in the decision to declare martial law last month were "an invention from beginning to end."

"The measures carried out by Poland's highest bodies are a Polish national decision, a matter for the Poles and for them alone. What can be more authoritative than the statement on this matter by the Polish leadership?" Tass said.

The statement accused the West of trying to destroy Poland's Communist system and replace it with capitalism. Tass also said that Western nations would assume "grave responsibility" if they "destroy the basis" for Soviet-U.S. arms control negotiations.

The Kremlin asserted that Western nations need these negotiations as much as do the Soviet bloc countries because at stake is the future of the entire human race.

Assailing the decisions by NATO foreign ministers earlier this week, the Soviet Union said that "it is not for nothing" that the NATO statement contained "hints" that the United States could break off the nuclear talks "if matters in Poland develop not in the way some people at NATO would like."

Syria Said to Ask Arabs for Aid to Buy Soviet Arms

BEIRUT — Syria is planning to purchase additional sophisticated weapons from the Soviet Union and is seeking the necessary financing from Arab states, according to Arab diplomats here.

They said President Hafiz Assad exchanged letters this week with King Khalid of Saudi Arabia and the heads of state of Kuwait, Bahrain, Qatar and the United Arab Emirates.

Mr. Assad's messages were carried by his deputy premier and foreign minister, Abdel Halim Khaddam, who has returned to Damascus with the answers. The Syrian president toured the same countries last month and sought stronger Arab support to oppose Israel's annexation of the Golan Heights.

The contents of the president's messages were not disclosed, but a newspaper here known for close connections with Damascus reported Wednesday that they were related to what it called Syria's current endeavor to insure a strategic balance in the Middle East "to confront the Israeli challenge."

The newspaper said the overriding consideration in establishing such a balance is obtaining sophisticated weapons from the Russians, who have supplied arms to Syria for 25 years. The diplomats said that because most of the Arab governments do not have political ties with Moscow, the only aid they could provide Syria is funds with which to buy the weapons.

EEC Aide Said to Seek Leniency for Turks

BRUSSELS — Unless the Turkish government softens its attitude toward the trade union leaders it is trying, the European Council of Ministers will not reconsider a suspended \$600 million in aid to Turkey, Belgian Foreign Minister Leo Tindemans reportedly said Wednesday.

Mr. Tindemans was replying to Turkish Foreign Minister Ilker Tirmak, who called on Mr. Tindemans when he was president of the Council of Ministers and EEC Commission president, Gaston Thorn, to ask the EEC to authorize delivery of the aid. Mr. Tirmak was in Brussels for a NATO meeting on Monday.

Mr. Tindemans said the EEC's aid to Turkey is a "symbolic gesture" and that the EEC is not in a position to make a decision on whether to grant leniency to the Turkish government.

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Intellectuals Defiant As Polish Authorities Step Up Their Attacks

New York Times Service

WARSAW — The authorities have stepped up an attack in the press and at the universities against liberal writers, artists and scholars, arousing fears among intellectuals that they will suffer reprisals for speaking out under martial law.

Marian Brandys, 69, a former journalist and author of historical biographies, was arrested on Tuesday, according to reliable sources. The police who burst into his apartment told him to bring along a suitcase.

Mr. Brandys was one of eight cultural and intellectual figures who had signed a petition to Gen. Wojciech Jaruzelski, head of the Military Council for National Salvation, condemning martial law as "military dictatorship." Whether any of the signatories was arrested could not be immediately determined.

The news of Mr. Brandys' arrest spread through Warsaw even as a stronger petition, which has so far collected more than 40 names, was being circulated. The two events showed both the defiance of the intellectuals — who up until the crackdown Dec. 13 enjoyed a freedom to write and speak out to a degree they had never known before — and the resolve of the authorities to stamp it out.

A hallmark of Polish liberalization that began in the summer of 1980 was that for the first time workers and intellectuals joined forces against the ruling power. Now, the government appears to be trying to drive a wedge between these normally disparate groups. A growing theme in its propaganda is that liberal intellectuals bear a special onus for leading the workers' movement astray into opposition politics.

Rector Expelled

The campaign corresponds with attempts to ensure that campuses will be quiet when universities reopen in mid-February, and that newspapers and journals of journalists who were sympathetic to the Solidarity union or are critical of martial law, the wedding out protest.

Greek Vote on Poland Seen as Middle Course

ATHENS — Greece's decision to withhold full support for NATO's declaration that it is using force against Poland is being interpreted by officials and Western diplomats here as another step to strengthen its hand in its disputes with Turkey and in negotiations on U.S. bases.

At the same time, the sources said, the Socialist government of Premier Andreas Papandreu showed that, while it refused to subscribe to those sections condemning "the rigidity of the Soviet bloc regimes" and suggesting Western economic sanctions against the Soviet Union, it did not want to go too far toward angling its allies.

Joins in Demand

They noted that in signing the declaration at the emergency meeting of NATO foreign ministers in Brussels on Monday, Greece had joined in deploring "the sustained campaign mounted by the Soviet Union against efforts by the Polish people for national renewal and reform, and its active support for the subsequent systematic suppression of these efforts in Poland."

The sources noted also that Greece had joined in demanding an end to all "Soviet pressure, direct or indirect," in Polish affairs. Secretary of State Alexander M. Haig Jr. said Tuesday at a news conference in Brussels that the Greek declaration is a "welcome development" despite the addition of what he viewed as regrettable reservations.

Mr. Papandreu said Monday night in explaining the Greek actions in Brussels that his government wanted to curb what he described as the "excessive" move toward East and West. He said small European countries like Greece could not afford to join in sanctions that might bring upon them countermeasures from Soviet bloc nations.

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cess, done through interviews with a panel that usually includes representatives of the military, the internal security apparatus and the Communist Party, is called "ideological verification."

Reliable sources said Tuesday that Henryk Samsonowicz, the liberal rector of Warsaw University, was expelled from the party at a meeting Friday night. The move, if confirmed, suggests that the conservative faction in the Warsaw party is in the ascendancy and that steps may be taken to stifle any form of dissent at the university.

Mr. Samsonowicz was reported to have accepted at a faculty meeting last week demands by authorities banning all unofficial political activities at the university. But he reportedly refused to allow "verification" of students or faculty, insisted that the university senate should retain the power it won under liberalization and said the university would continue to press for the release of political detainees.

Informal sources have reported that "verification" of faculty members is under way at Jagiellonian University in Krakow and at the university in Lodz.

The Independent Union of Students, which emerged from a student strike last year, was formally dissolved Jan. 5 and has been continually attacked in the press as a center of "reactionary opposition forces." Its headquarters was raided by police last week, student sources said.

A commentary in the party daily Trybuna Ludu Tuesday by a film director, Czeslaw Petelski, attacked film-makers, artists, journalists and dramatists for participating in the "offensive of Solidarity's extremist forces in culture." It cited specifically Andrzej Wajda, director of the film "Man of Iron," which was about Poland's 1980 strikes.

As a sign of disapproval of the repressions under martial law, many Western ambassadors were reportedly boycotting Tuesday night the government's traditional New Year's reception at Wilanow Palace outside Warsaw.

Socialist Criticism

The report, published in the Communist daily L'HUMANITE, said the situation in Poland was easing and economic and other reforms were being prepared. President Francois Mitterrand and several Socialist members of his Cabinet, which includes four Communists, have strongly criticized the Polish military action.

The Socialist Party has helped to organize demonstrations and played a key role in achieving a tough statement on the Polish crisis from the Socialist International in a year-end meeting.

These had also been mentioned as the goals of Mr. Papandreu's threats during his election campaign last year to pull Greece out of NATO and the European Economic Community. But it has been apparent since he won the election in October that he has abandoned such threats, and the officials and Western diplomats said that his continued "proud and independent" policy toward the West, including the position Greece took Monday in Brussels, was also intended to placate the left wing of his Panhellenic Socialist Movement and the Communists.

Reagan Cracks Down On Leaks to Reporters

By Michael Gerler

WASHINGTON — President Reagan, claiming that leaks of classified information have become "a problem of major proportions within the U.S. government," has ordered a sharp crackdown on official contacts with the media and warned that "all legal methods" will be used to find government employees who have disclosed such information.

Directives signed Tuesday by the president, based on recommendations by his new national security adviser, William P. Clark, require that "all contacts with any element of the news media in which classified National Security Council matters or classified intelligence information are discussed" must have the advance approval of an unspecified "senior official."

Furthermore, officials interviewed must provide a memorandum about what was discussed. The number of officials with access to classified documents and internal deliberations also will be kept to a minimum.

Acknowledging "the government's lack of success in identifying the sources of unauthorized disclosure" of classified information, one directive says this situation "must be remedied and appropriate disciplinary measures taken." From now on, the directive warns, government employees who have had access to information that leaks out "will be subject to investigation, to include the use of all legal methods."

Although the presidential statement is directed at disclosures about the White House's top-level National Security Council and other intelligence information, White House officials who briefed reporters Tuesday night said the new rules are meant to apply to officials on the council staff and the departments of State and Defense and in the intelligence community.

The White House officials, who could not be identified under rules of the briefing, say the new directives are the result of a "virtual hemorrhage of leaks in the national security area which the president believes have hampered formulation of foreign and defense policy."

France Approves A 39-Hour Week

PARIS — The government approved legislation to reduce the official length of the working week from 40 to 39 hours, a presidential spokesman said.

The government also decided to extend the length of annual paid holidays from four to five weeks. During his election campaign, President Francois Mitterrand pledged to counter unemployment by reducing the working week to 35 hours by 1985.



TIGHT PARKING — Two cars were the losers in an encounter with a U.S. Army armored personnel carrier whose driver suddenly reversed on them in Bielefeld, West Germany.

French Communists Back Moves Of Polish Leaders, Criticize Pope

Reuters

PARIS — The French Communist Party expressed support Wednesday for what it said were efforts by Poland's military leaders to resolve the country's problems. The stance served to emphasize the gap between the party and the ruling Socialists on the Polish question and moved it further from the Communist parties in Spain and Italy.

In a report by its Central Committee, the party said events had justified its refusal to condemn martial law in Poland.

It criticized the attitude of Pope John Paul II, saying he had supported the "escalation of excesses" by the Solidarity trade union that led to the declaration of martial law Dec. 13. It said the pope and the Polish episcopate had turned their backs "on the search for solutions."

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Further Landings Reported in Haiti

PORT-DE-PAIX, Haiti — About 40 more invading Haitian exiles are reported to have landed on Tortuga Island, and the government says three invaders captured earlier "died of their wounds."

But a rebel spokesman in Miami, Roger Biamby, disputed the government claims about the deaths, saying he had personally spoken Tuesday via "telephone communications" with the three men. He said they were among about 300 "revolutionaries" in control of Tortuga's police station and airstrip.

A government spokesman said earlier that the three were captured Sunday after two small planes landed eight men the day before on Tortuga, off Haiti's north coast. They were the first of a small invasion force hoping to depose President Jean-Claude Duvalier.

Rashish Quits U.S. State Department

WASHINGTON — Myer Rashish has resigned as undersecretary of state for economic affairs, ending a three-month struggle, informal sources said Wednesday. The resignation of Mr. Rashish, effective Jan. 20, is to be announced by the White House shortly, the sources said.

In October, Secretary of State Alexander M. Haig Jr. was reported to be unhappy with Mr. Rashish and planning to replace him. The report was never authoritatively denied, but Mr. Rashish remained in his job apparently supported by some White House officials.

Several weeks ago Mr. Haig reportedly demanded that Mr. Rashish vacate his job before Jan. 1, but it was unclear at that time that he had obtained White House backing for the demand. Subsequently, the White House notified Mr. Rashish that President Reagan had accepted Mr. Rashish's demand, and a date for the Washington economist's return to private life was set.

Briton Says South Africans Beat Him

LONDON — British engineer Steven Kitson, detained for six days in South Africa while visiting his imprisoned father, said Wednesday that he was beaten, shaken and slammed against a wall by security police in Johannesburg.

Mr. Kitson, 25, who was released on Tuesday and arrived here Wednesday, told a news conference, "My face was slapped and I was vigorously shaken around," to stop him from falling asleep.

Mr. Kitson, whose father is serving a 20-year sentence for sabotaging was arrested on suspicion of plotting an escape after going to Pretoria Central Prison to visit his father last Thursday.

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Rights Leader Assails Reagan in Dispute on Tax Status of Schools

From Agency Dispatches
WASHINGTON — Benjamin L. Hooks, a civil rights leader, assailed President Reagan on Wednesday of "Orwellian double-talk" on racial issues for reversing his position on tax-exempt status for schools that bar students because of their race.

Switching the stand his administration had taken just four days earlier, Mr. Reagan announced Tuesday that he will ask Congress to enact legislation denying tax exemptions to private schools and universities that practice racial discrimination.

The president's announcement, citing a public "misunderstanding" about his position, did little to calm some critics, who already had promised to seek legislation on the issue.

"I don't even think it's a half-hearted move," said Mr. Hooks, the executive director of the National Association for the Advancement of Colored People. "It's silly to me. It's Orwellian double-talk, double-speak."

Mr. Hooks, interviewed on television, said the exemption policy was adopted by the Internal Revenue Service as a result of federal court rulings. For Mr. Reagan to overrule it, he said, was "absolutely illegal."

"I don't think he has the right to say to the IRS, 'You stop obeying federal court mandates,'" Mr. Hooks said.

The presidential announcement followed bitter criticism — from minority groups, civil libertarians, Democratic leaders and some representatives of private schools — of the administration's decision Friday to revoke the authority of the IRS to act on its own in denying tax exemptions because of racial discrimination.

Reagan Meets Blacks

Black advisers within the administration also objected. Mr. Reagan met Tuesday with three of them, including Samuel R. Pierce Jr., secretary of housing and urban development. But David R. Gergen, the White House communications director, said the president may have decided to propose the legislation before meeting with the black officials.

Mr. Reagan, in a statement that

he read at a Cabinet meeting, said two issues were at stake: racial discrimination, to which he said he is "unalterably opposed... in any form," and the overstepping of authority by an administrative agency such as the IRS.

Congress never granted the IRS authority to deny tax exemptions because of racial discrimination, the president said, so he will ask Congress to do so.

But there was no explanation from the White House as to why Mr. Reagan did not announce his intention to seek the legislation when the Justice and Treasury departments were announcing the revocation of the 11-year-old IRS authority Friday.

Mr. Gergen indicated that neither Mr. Reagan nor his closest advisers thought that Friday's announcement would be widely interpreted as encouraging racial discrimination by private schools. "The president expressed his regret" at the interpretation, Mr. Gergen said.

Restatement Announced

What the Justice and Treasury departments specifically had announced was that the IRS would restore the tax-exempt status of Bob Jones University in Greenville, S.C., and grant it to Goldboro Christian Schools in Goldboro, N.C. Both institutions discriminate against blacks but contend they do so for religious reasons. They had been fighting for the tax breaks in a suit before the U.S. Supreme Court.

The administration also had said that the decision to grant tax-exempt status for these two schools would affect all such institutions. In recent years, about 100 schools have been denied tax exemptions by the IRS because of racial discrimination.

The president had formally approved the decision to grant tax-exempt status before it was announced. The decision fulfilled a 1980 campaign promise that he made during an appearance at Bob Jones University.

Mr. Reagan said Tuesday that the "sole basis" for the decision announced Friday was his opposition to "administrative agencies exercising powers that the Constitution assigns to the Congress."

Republican Chairman Delinquent on Loans

By Ronald Kessler
Washington Post Service

WASHINGTON — The chairman of the Republican National Committee, Richard Richards, and a business partner have been repeatedly delinquent over the last few years in making payments on about \$300,000 in loans guaranteed by the government for their Utah health spa.

After Mr. Richards failed to make 12 monthly payments on one \$110,000 loan, the Small Business Administration, which guaranteed the loans, had to pay \$96,203 to the Bank of Utah in May when the bank declared this loan in default, according to the agency's records.

Mr. Richards said Tuesday: "The main reason I don't pay it is I don't have the money to pay it." In November, Mr. Richards paid \$20,454 to bring the loan current but he immediately fell behind again, missing payments of about \$1,000 each that were due early in November, December and January. After he was asked Tuesday about this loan delinquency, Mr. Richards said he had mailed a check to cover two of the payments.

Second Loan

Mr. Richards and his partner in 1978 also will be required to pay \$37,000 in interest charges on a second federally guaranteed loan of \$181,000 because of late payments. The Small Business Administration has agreed to give them until April to resume making payments on the loan.

Mr. Richards and his partner have been granted deferrals on at least 21 of the 44 monthly payments since the \$181,000 loan was assumed just after Mr. Richards purchased the health spa from legal clients.

The spa, called American Health & Sports, is in Roy, Utah, 40 miles (64 kilometers) north of Salt Lake City. It was bought by Mr. Richards and a neighbor, a civil engineer named Lew Wang-

gard, who said he sold his half-interest in the spa two years ago to Alex Hurdado, who is active in Republican politics.

Mr. Richards, who took up the position of national party chairman a year ago, said Tuesday that his involvement with the spa had turned out to be a "bad business decision" that had cost him about \$75,000. He said the spa had begun to turn a profit only in the last few months.

Mr. Richards said he had not received favored treatment. "I'm a perfectly honest guy," he said, adding that a story on the delinquency might cause him and the Reagan administration some embarrassment.

"I'm not going to be a Dick Allen," he said, referring to Richard V. Allen, who recently resigned as national security affairs adviser after questions were raised about his receiving \$1,000 from Japanese journalists who had interviewed Nancy Reagan. "I am not going to sit here three months and embarrass the president."

Mr. Richards also said that a disappointed job seeker in Utah, John N. Galanis, recently threatened to disclose Mr. Richards' loan problems if he did not help him get a federal job. Mr. Richards declined to help him and said he suspects Mr. Galanis provided this material to The Washington Post.

"I have had this information in my files," Mr. Galanis said Tuesday. "I had nothing to do with getting it to Washington." Mr. Galanis said he discussed the loan problem with Mr. Richards but did not ask him for a job.

Small Business Administration officials said they expected Mr. Richards eventually to make good on all the payments and did not expect to lose money in the end. The spa building and the private homes of Mr. Richards and his partner are pledged as collateral on the loans and could be taken if it looked like the government could never collect.

Puerto Rico Statehood Is Backed by Reagan

By Robert L. Jackson
Los Angeles Times Service

WASHINGTON — President Reagan has endorsed statehood for Puerto Rico, declaring that a new status for the island commonwealth "would benefit both the people of Puerto Rico and their fellow American citizens in the 50 states."

The president chose a meeting Tuesday with Puerto Rican political leaders to reaffirm his campaign pledge to support statehood if a majority of Puerto Ricans vote for it in a special election.

Gov. Carlos Romero Barceló of Puerto Rico told reporters after the meeting at the White House that he hoped a referendum could be held by 1985 and that statehood could be achieved "in this decade." Gov. Romero said he doubted that a referendum could be held earlier because the island's legislature is controlled by anti-statehood forces.

If the people of Puerto Rico chose statehood, Congress would be asked to approve the island as the 51st state.

Mr. Reagan said that "while I believe the Congress and the people of this country would welcome Puerto Rican statehood, this administration will accept whatever choice is made by a majority of the island's population."

Other Puerto Rican officials who met with Mr. Reagan were San Juan Mayor Herman Padilla, former Gov. Luis A. Ferré, and Baltazar Corrada, the resident commissioner. All of them praised his statement.

In January 1977, former President Gerald R. Ford sent legislation to Congress that would have led to statehood if the island's 3 million residents had approved it in a referendum. But Mr. Ford's successor, Jimmy Carter, opposed the measure and it died in Congress.

Lie Detector Used to Plug Leak

Pentagon Officials Tested After Report's Disclosure

Washington Post Service

WASHINGTON — Deputy Defense Secretary Frank C. Carlucci has voluntarily taken a lie detector test as part of a Pentagon investigation to determine who told The Washington Post about a secret report last week that the Joint Chiefs of Staff's translation of President Reagan's plan to rearm the United States could cost \$750 billion more than now projected.

Henry E. Catto Jr., assistant secretary of defense for public affairs, confirmed Tuesday that Mr. Carlucci and several other members of the Defense Resources Board, which includes the top Pentagon civilians, had taken the detector tests.

The Defense Resources Board met last Thursday to hear a briefing from Richard D. DeLaner, the Pentagon research director, about any possible gap between military strategy and the money earmarked to carry it out. Mr. DeLaner used as one of his yardsticks the Joint Strategic Planning Document in which the Joint Chiefs of Staff gave their estimate of the forces needed to carry out the policies of their civilian superiors and prepare for

contingencies around the world. Mr. DeLaner's report estimated that it would take up to \$750 billion more in fiscal 1983 dollars than the \$1.5 trillion already projected for fiscal 1984 through 1988 to get all those forces.

The Post reported these figures on Friday after confirming with the Pentagon that the part of Mr. DeLaner's report it published was accurate.

Defense Secretary Caspar W. Weinberger, in a television interview broadcast Saturday, said the \$750 billion represented "a large number of wants unconstrained by any financial restrictions."

Mr. Catto, when asked what was so sensitive about those budget discussions, replied that "what is so upsetting in us" was not security breaches but the fact "someone on the team" would talk about what happened.

Mr. Catto said that Mr. Weinberger has not taken a lie detector test because he was not at the meeting Thursday, which was chaired by Mr. Carlucci. Mr. Carlucci, a former deputy director of the CIA, ordered the investigation, Mr. Catto said.

Need for Unity on Poland Is Cited In U.S. Decision on Taiwan Plane

By Don Oberdorfer
Washington Post Service

WASHINGTON — The Reagan administration has told members of Congress that it had to make a quick decision last week on a sale of military planes to Taiwan because the Polish situation required a united front, including China, against the Soviet Union.

This rationale was supplied by State Department officials to explain the lack of full-scale congressional consultations. Only a few members of Congress were consulted before President Reagan's decision on Sunday that sophisticated F-5G fighter planes would not be sold to Taiwan.

A Commitment

Sen. Charles H. Percy, the Illinois Republican who is chairman of the Senate Foreign Relations Committee, informed committee members in a confidential memorandum Dec. 15 that "we have a commitment from the [State] Department that it will consult the committee before a final presidential decision on arms sales to Taiwan."

An aide to Sen. Percy said that "we expected a more formal consultation" than the few contacts that took place.

Sen. Percy, who was traveling in Sudan, was consulted by cable last Thursday, the day that a National Security Council meeting chaired by Mr. Reagan considered the Taiwan issue. The senator replied Friday with some suggestions, according to his aide, who asked not to be named.

"The Senate Republican leader, Howard H. Baker Jr. of Tennessee, who is a member of the committee, was contacted by cable while traveling in Latin America, sources said."

Sen. Percy's report to the committee last month arose from objections by Secretary of State Alexander M. Haig Jr. to scheduled testimony on the Taiwan arms issue in closed committee by Assistant Secretary of State John H. Holridge. Mr. Haig reportedly said the subject was too sensitive to be discussed even in closed session.

After the assurance of consulta-

tion before the decision, Sen. Percy sought for an informal briefing by Mr. Holridge of himself and two other senators — Sam Nunn, D-Hayakawa, Republican of California, and John H. Glenn Jr., Democrat of Ohio.

Because the United States decid-

ed to replenish Taiwan's existing fighter plane inventory, China has condemned Mr. Reagan's decision instead of praising it. Administration officials said it was still unclear whether China would content itself with formal objections or push the disagreement to a crisis.

Trudeau Reorganizes Economic Agencies

By Henry Giniger
New York Times Service

OTTAWA — With Canada in one of its worst recessions in 30 years, Prime Minister Pierre Elliott Trudeau has reorganized his government in an attempt to step up exports and take greater account of regional economic disparities.

In the reorganization, which was announced Tuesday, the Ministry of Industry, Trade and Commerce was broken up, and the Department of External Affairs under Mark MacGuigan was expanded to include responsibility for foreign trade as well as diplomatic relations.

The regional aspect was further underscored by the naming of Herbert Gray, until now the minister of industry, trade and commerce, as head of a new Department of Regional Industrial Expansion. Mr. Gray, a strong economic nationalist, will remain in charge of the Foreign Investment Review Agency, which screens all investment proposals by foreigners and which has been accused in the United States of discriminating against U.S. businesses.

A separate Ministry of State for Economic and Regional Development is to serve as an information and coordinating secretariat to assist the Cabinet in pursuing measures to expand development in lagging regions like the Atlantic provinces and Quebec.

An official background paper on the reshaping of the External Affairs Department said that Canada was "one of the most trade-dependent nations in the world," with exports representing 25 per-

cent of the value of all the country's goods and services.

About 70 percent of Canada's exports go to the United States, a proportion that has varied little over the years despite efforts to expand sales to Europe, Japan and Latin America. Giving the External Affairs Department responsibility for trade matters suggests an increased effort to diversify Canada's markets and to make the economy less dependent on conditions in the United States.

The recession is being felt unevenly across the country, with energy-rich western provinces like Alberta and Saskatchewan less hurt than eastern Canada, where most of the manufacturing industries are situated.

The Ministry for Regional Economic Expansion, now abolished, had been responsible for helping economically lagging provinces. But Mr. Trudeau said the fact that such a ministry existed had caused other economic departments to pay little heed to regional needs.

The 10 provinces, which have their own economic programs, are expected to look somewhat suspiciously on the increased attention that Ottawa is paying to the regions. Some have viewed such attention in the past as a central government attempt to grab power.

In such fields as constitutional and energy policy, Mr. Trudeau has said that he wants to halt the swing toward too much provincialism. On Tuesday he maintained that the reorganization of federal services would result in increased opportunities for better coordination and consultation with the provinces.

Model of Rich vs. Poor Challenged by Clausen

By Hobart Rowen
Washington Post Service

WASHINGTON — The World Bank "cannot do everything in the development field" and must not be regarded as "the Robin Hood of the international financial set," the bank's president, A.W. Clausen, has declared.

Speaking Tuesday in Tokyo to the Yomuri International Economic Society, Mr. Clausen said that rich and poor nations have indulged in an oversimplification that pits the interest of a so-called North against that of the South. A text of the speech was released in Washington.

Mr. Clausen said that this bipolar concept of the interest of the economy ignores the fact that "we are living in a multipolar world." He identified eight different poles of economic activity, each with different problems, but each interacting with all the others.

In the breakdown, he cited Western Europe, North America, Japan, Eastern Europe, the Middle East, the newly industrialized countries, the populous countries such as China and the poor nations of sub-Saharan Africa.

In this complicated environment, the division of the world into rich and poor — North and South — no longer is helpful, Mr. Clausen said.

For example, the new industrialized nations, including South Korea, Brazil, Mexico, and Malaysia, once might have been considered part of the South. But these countries "on the move" are accounting for a greater share of industrial output, he said.

With Japan as the model for some of the advancing nations, this newly industrialized group may account for more than one-fourth of world production by 1990, or three times their output in 1960, he said.

Quake Hits Off U.S. Coast

The Associated Press

EUREKA, Calif. — A mild earthquake struck 55 miles southwest of Eureka in the Pacific Ocean Wednesday, the U.S. Geological Survey reported.

Watt Warns U.S. Is Open to 'War' Over Resources

Los Angeles Times Service

SAN DIEGO — The United States has become "vulnerable to a natural resources war" because of its dependence on the Soviet Union and South Africa for strategic resources, Interior Secretary James G. Watt warned here.

Mr. Watt did not say whether he was speaking literally or figuratively. When asked later when such a war might occur, he said, "I haven't the slightest idea."

"America is dependent for the majority of strategic minerals needed for military might on [these] two foreign sources," Mr. Watt said Tuesday at the annual meeting of the American Farm Bureau Federation, the largest U.S. farm organization.

At a news conference later, Mr. Watt said he intended "to reduce our dependency on energy and mineral resources from unstable or unfriendly sources." These nations supply the United States with minerals including magnesium, cobalt and chromium, he said. A 1980 Commerce Department report said ammonia, platinum and gold led Soviet exports to the United States that year.

Mr. Watt also warned that a kind of political civil war could develop in the United States unless energy resources are developed rapidly in the Western states. Pressures could build until "the economic-political forces of the urban Eastern industrial states... march on Washington and order the nationalization of our energy industries and a crash attack on the energy resources of the Western states," he said.

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Kirkland Says AFL-CIO Will Fight Rise in Tobacco and Liquor Taxes

By William J. Eaton
Los Angeles Times Service

WASHINGTON — AFL-CIO President Lane Kirkland has said that organized labor will fight any Reagan administration proposal to raise excise taxes on liquor and tobacco because they fall more heavily on wage earners and on the poor.

Instead, Mr. Kirkland said Tuesday that Congress should limit the 1982 tax cut to \$700 a person — denying larger cuts to those with annual incomes of \$47,000 or more — in lower the projected budget deficit.

Mr. Kirkland also said that it was "madness" for the administration to shut down hundreds of government employment offices and fire thousands of officials who help in job placement when unemployment has climbed to 8.9 percent of the labor force.

His comments were made as the administration continued discussions of ways to increase taxes in an effort to trim a deficit now estimated at more than \$100 billion for the fiscal year that begins Oct. 1.

Administration officials have said that Mr. Reagan is undecided on whether to recommend increases in taxes on liquor, tobacco, gasoline and long-distance telephone calls.

'Unfair Giveaways'

The president has said, however, that he is against any change in the three-year tax cut approved last summer that provides for 10-percent, across-the-board reductions in taxes next July 1 and on July 1, 1983.

Mr. Kirkland said that "the unfair giveaways of the 1981 tax bill must be rescinded and corporations and rich individuals required

to share the fiscal burden, which has been shifted to working people and the poor."

"The suggestion that needed revenue be raised through higher sales and excise taxes, which are unfairly weighted against workers and the poor, should be squelched," he said.

Mr. Kirkland also opposed a proposal by Sen. Alan Cranston, Democrat of California, for a value added tax.

Airline Is Told It Must Hire 1,400 Women

United Press International

CHICAGO — United Airlines must hire 1,400 flight attendants who were forced to quit their jobs under discriminatory airline rules before 1968 that forbade stewardesses to marry.

U.S. District Judge James B. Morris Tuesday ordered United to add the dismissed stewardesses to its rolls of laid-off employees eligible for recall on a seniority basis.

He noted the current economic climate precludes the immediate hiring of all the dismissed attendants.

"Instead of an expanding workforce in which the claimants could be integrated without unusual adverse impact, claimants seek reinstatement in a climate of progressively curtailed employment," he said.

He said the airline should work out a plan that recognizes their right to reinstatement but protects the interest of those currently employed in the jobs.

As for the prospect of deficits in the \$100-billion range, Mr. Kirkland said: "It staggers me. Although irresponsible tax cuts are major contributing factors, essentially the deficit is a product of unemployment."

"A 1-percent increase in unemployment, as we know, produces a \$25-billion swing in the federal deficit. If unemployment went down 4 percentage points, the entire \$100 billion would be taken care of," he said.

When unemployment rises, the government loses revenue from payroll and income taxes and spends more money on unemployment benefits, welfare and related programs.

Mr. Kirkland was critical of the president for not proposing an anti-recession program, saying there had not been such a "heartless official reaction" to joblessness since Herbert Hoover was president.

"The characteristic of this recession, which sets it apart from all others in modern history, is that the White House has no plan, no ideas and apparently no interest in trying to reverse the economy's downward plunge," Mr. Kirkland said.

Meanwhile, two congressional leaders differed over whether the Senate and House would approve tax increases this year to reduce budget deficits in the future.

Sen. Pete V. Domenici, a New Mexico Republican and chairman of the Senate Budget Committee, said he saw a "growing consensus" for raising revenue. The House Democratic leader, James C. Wright Jr. of Texas, disagreed, saying: "I see no support for that." Rep. Wright said Congress should scale back or delay part of the tax cut enacted in 1981.

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No FX for Taiwan

President Reagan handled the Taiwan FX question well. On the basis of his long admiration for the Republic of China, a country which has become a cause to many on his party's right, the president could have been expected to provide an advanced FX warplane forthwith. Taiwan's FX request was being presented as a test of both his constancy and his ideological mettle. But wisely, Mr. Reagan finessed the question. He accepted this country's obligation, reinforced by legislation after relations with the People's Republic of China were "normalized" in 1978, to continue providing means of defense to Taiwan. He found, however, that Taiwan's defensive requirements could be met by equipment without the militarily and politically provocative quality of an FX.

Why would the FX in little Taiwan's hands be provocative? For reasons presumably arising from still-dim considerations of Peking Politburo politics, the Chinese last year abandoned their agreement to disagree on American arms sales to Taiwan and opened a major campaign to induce President Reagan to stop selling arms altogether

—and certainly not to provide an FX. In the case of Taiwan, the stakes were largely ideological and political. In the case of Peking, they were largely geopolitical. China threatened, even at substantial cost to itself, to pull back from Washington and to loosen the ring of containment Mr. Reagan has been trying to tighten around Moscow.

As foolish as it would have been to make light of these threats, it would have been unthinkable to abandon an old friend. Mr. Reagan did neither, though some of his ideological constituents are not so sure of this. His military advisers found, as experts outside the administration already had, that Taiwan's hardware needs are relatively modest. The president decided to continue fulfilling them and so informed Peking.

It surely will not help Taiwan to advertise whatever disappointment it may feel at not getting the FX. Peking has chosen to advertise its disappointment that any sale at all was made, but it seems to be doing so with restraint. It calls the United States, on this issue, "obstinate." One would hope so.

THE WASHINGTON POST.

Guatemala Amok

A diplomat has called Guatemala "a blood-bath waiting to happen." It's happening.

Violence is hardly new there. The unceasing war between Guatemala's right and left has claimed perhaps 30,000 lives in 15 years. What is different is the tempo of the killing — and the new contempt for American opinion by a hard-nosed regime. The disdain ought to be repaid in kind.

Guatemala's rulers were at first encouraged by Ronald Reagan's election. They reckoned his administration would find a way around human rights laws and scruples and resume the shipment of American weapons, which had been suspended in 1977. They were further encouraged last May when Washington sent Vernon Walters, a trusted retired general, as a good-will emissary.

Gen. Walters did indeed propose lifting the embargo to permit shipping \$2.5 million worth of "nonlethal" equipment. But he asked in return for some sign that Guatemala's government was moderating the slaugh-

ter of opponents, whether Indians, guerrillas or Christian Democrats. He was told to mind his own business. He was further told that weapons could be gotten elsewhere — from Argentina or (sad to record) Israel.

Wisely, the Reagan administration decided to let Guatemala fend for itself. It thus avoided complicity in subsequent massacres — 45 peasants at a Sunday fiesta last September and now the kidnapping and murder of 50 villagers by "unidentified attackers."

The violence presumably creates the proper mood of compliance for elections next March, when one Guatemalan general is scheduled to yield power to another. The vote will be a charade that deserves no further commendation from Washington.

On paper, at least, the Reagan administration recently adopted a sturdy human rights policy. And it has had plenty to say about military repression in Poland. When will it also look south?

THE NEW YORK TIMES.

Bigness and Badness

The Reagan administration has now defined, in extraordinarily dramatic terms, its antitrust policy. By settling the AT&T case and dropping the proceedings against IBM, it has provided its own judgment on the two great antitrust trials of the past decade. No doubt this policy is derived in some part from the administration's ideological attitudes toward big — and very big — business. But there's more to it than that. American views toward antitrust regulation have been moving in this direction for some time, and not only among the Republican right. Even people who remain uneasy about great concentrations of corporate wealth have had to acknowledge that the nature of competition has changed.

Until the late 1970s, Americans thought of foreign markets and foreign competition as peripheral and incidental to this country's enormous continental economy. That was wrong; foreign trade was already playing an extremely important role here. But it was a well-entrenched habit of mind in American law and politics. How big is too big? The relevant yardstick seemed to be a company's share of the national market. The traditional view still held in the late 1960s, when the IBM case was launched, that a company with 70 percent of the U.S. market for computers enjoyed a scale and dominance that made it a menace to its smaller competitors.

But with the enormous expansion of international trade in the 1970s, Americans

learned that the domestic market share is not always the only thing that counts. Automobiles and steel are, by the conventional measure, both highly concentrated industries, but no one would argue that either suffers from a lack of competition. It comes from abroad. The same thing is increasingly true in the field of computers, communications equipment and data processing.

Mr. Reagan's Justice Department says that it will prosecute vigorously any cases of specifically anticompetitive actions by businesses. But being big is no longer, by itself, a criterion. That is a defensible position, and even a necessary one. But as a preview of the future economy, it is not wholly reassuring.

For governments, as the coming debate in Congress will demonstrate, there is the distressing issue of trying to regulate international business with national standards. Every country says it wants open competition, but no government wants to see its companies get left behind. None of the major industrial countries is likely to allow itself to be left without at least one company in computers and telecommunications. Worldwide competition may have made the traditional American measure of market shares obsolete. But no two governments hold quite the same ideas about the regulation of that competition — especially among the high-technology industries on which they expect their future prosperity to depend.

THE WASHINGTON POST.

Other Opinion

A Reprise by Flight Lt. Rawlings

Flight Lt. Rawlings is to be honored for keeping his promise (after a previous coup) to return the country promptly to civilian rule (he may find that more difficult this time). He is a man of considerable qualities. No one doubts the sincerity of his concern for the plight of Ghana's poor and sick and his rage at the way some of the rich exploit the situation. He appears himself to be incorruptible, and he has great democratic powers.

Yet he failed last time to produce an administration capable of translating indignation into coherent policy and there must be doubts about whether he will succeed this time. Sincerity is not enough. The record of military administrations in Ghana and elsewhere is not good in terms of efficiency or

incorruptibility. In the meantime, the cause of democracy has taken another serious blow in Africa. Flight Lt. Rawlings ... said this time that he was prepared to face a firing squad if his actions ... did not meet the approval of Ghanaians. ... What is to be the measure of the nation's approval?

— From The Times (London).

And His Biggest Problem Is Money

At the heart of Ghana's current problems lies the overvaluation of the currency. Opening up the market to international realities, with a substantial devaluation as a prerequisite, is now needed. Any attempt to keep to the path of narrow economic nationalism has been shown to be doomed to failure.

— From The Financial Times (London).

Jan. 14: From Our Pages of 75 and 50 Years Ago

1907: U.S. Racial Issue

WASHINGTON — Sen. Tillman, attacking President Roosevelt's dismissal without honor of a battalion of Negro soldiers, said it was an effort to turn the controversy into a race question. For years, Sen. Tillman has been known as the most radical Democratic senator. He represents South Carolina, where the Negroes are disfranchised, and he has made a series of violent lectures and speeches on the race problem, defending disfranchisement and even lynching as a method of maintaining white supremacy in the South. Many Southerners assert that Sen. Tillman does not represent the best thought of the South in this and that he turns his violent views into cash at the expense of Northern audiences.

1932: A \$2.1-Billion Deficit

WASHINGTON — The administration's tax increase program was put before the House Ways and Means Committee by Secretary of the Treasury Andrew Mellon as the only weapon available effectively to deal with what he termed "a grave emergency." Personally addressing the committee, the Treasury head painstakingly outlined the scope of the tax program, which would add nearly \$1 billion to the government's income and is specifically aimed at covering the budget deficit that is estimated to reach \$2.1 billion by June 30. He also warned that the national deficit would cause an increase of \$1.5 billion in the country's public debt. "We are in the midst of a grave emergency," he said.

Poland and the Painful Lessons of Realpolitik

By Ronald Steel

NEW YORK — Two dramas are taking place in Poland today.

The first is the apparent denouement of Solidarity's struggle against an autocratic, incompetent and corrupt government. This romantic endeavor, tinged with syndicalism and anarchism, has touched the hearts of people everywhere.

The second drama involves the stability of the European state system. This is not a very romantic story. It concerns such sordid matters as diplomacy, military balances, spheres of influence and international finance.

The terrible truth about the Solidarity movement is that virtually no responsible Western official wants it to succeed fully in its ambitions.

Not the international bankers, who are holding \$27 billion in IOUs from the Polish government. Not the Roman Catholic Church, which has worked out a *modus vivendi* with Warsaw and fears a crackdown on activities throughout Eastern Europe.

Not the European foreign ministers, both East and West, who have profited from détente and do not want to see the Russian bear angered.

Not officials of the North Atlantic Treaty Organization and Warsaw Pact, who have learned to live comfortably with a Europe divided into manageable halves. And not even President Reagan, who, though shedding a public tear for Solidarity while destroying the air controllers' union, has no reason to welcome revolt in Central Europe.

The Inevitable

The administration is trying to punish the Russians for what the Polish military regime is doing. This is as logical as Soviet punishment of the United States for the actions of the junta we support in El Salvador. It will have about as much effect on events.

The Russians unquestionably wanted a crackdown in Warsaw. Quite likely they would have undertaken it themselves had the Polish military not moved. But they did not have to. Authoritarian regimes, whether of the left or the right, have a vested interest in their own survival.

Had Solidarity achieved its most sweeping demands, broken the Communist Party's monopoly of

power and taken Poland out of the Warsaw Pact, Soviet control over the rest of Eastern Europe would have been threatened. The other satellites might have followed suit. Freedom, after all, is contagious. The Iron Curtain could have cracked.

Would that not have been a wonderful day? Not necessarily.

Virtually every innovative institution in the Western alliance is based on the Cold War division of Europe: NATO, the Common Market, the Organization for Economic Cooperation and Development — and even the Federal Republic of Germany. That division was caused not by choice but by necessity, by Hitler's aggression and the Soviet Union's military ability to prevent Eastern Europe from ever again falling into hostile hands.

Washington and Moscow have based their alliances — even their superpower status — on Europe's division. However much each seeks the demise of its foe, it also recognizes that peace in Europe hinges on political stability.

The Nixon Administration re-

cognized this fact explicitly when one of Henry Kissinger's deputies produced the so-called Sonnenfeldt Doctrine. Its central premise was that the interests of both sides could best be served by respecting the integrity of their spheres of influence in Europe.

Nothing has changed since. The division of Europe is, for the foreseeable future, a fact of life, a fact that reflects the complementary interests of the superpowers. It cannot be repaired by force. Any dramatic change could unhinge both alliance systems.

If Poland wrenched itself free from the Soviet bloc, East Germany would be isolated. West Germany would look East, tempted by visions of reunification, and question its links to NATO and the Common Market. The threatening specter of a unified Reich would loom on the horizon, bringing a new element of danger into European politics. At the very least, Western European neutralism would increase and the United States' hold over its allies would sharply diminish.

While the division of Europe is regrettable, almost any conceivable alternative, under present

conditions, poses great risks — not only to the rival alliance systems but also to the political balance that, for the first time since 1914, made Europe a zone of relative tranquility.

This is why every European government has been restrained in its reaction to the crackdown in Poland. And it is why the Reagan administration, even while enjoying Moscow's embarrassment, must ultimately recognize that if the Russians lose control over Poland, all of Europe becomes unstable. For better or worse, the status quo serves both superpowers.

Americans and West Europeans have shown their sympathy for the Polish people. But sentiments are personal. People have sentiments, nations have interests.

And it is an unfortunate fact of political life that the interests of the Western alliance, as well as those of the Soviet Union, demand that the Polish boat not be turned upside down.

Ronald Steel, author of "Walter Lippmann and the American Century," is a senior associate at the Carnegie Endowment for International Peace. He wrote this article for The New York Times.

Where Does Democracy Fit In?

By Jonathan Power

LONDON — In his youth he smuggled drugs to Singapore to pay for guns for the anti-Dutch guerrillas in his native Indonesia.

Later, when Indonesia was an independent state, he was, for three years, its ambassador to Washington. Today he is rector of the United Nations University in Tokyo. Soedjatmoko, a man with no first name, not even a mister, is one of the wise men of the Third World.

Few have thought at such length and with such precision about the tension between development and liberty as he has.

Soedjatmoko has watched the drama unfold — the impulse to freedom that drove the independence struggle, the newly created state that was seen as the embodiment of emancipation and the prime instrument for the eradication of poverty and the reduction of economic dependency, the growing untrammelled power of that state, followed by suppression, division and the trampling of the rights of the individual, often enough to be followed by a coup or revolution.

Very few of the original founding fathers of the independence struggles foresaw that the state, whose creation they sought, would itself become so quickly the principal obstacle to the liberty for the people. Except in a handful of cases, this is what has happened, and there is a need to reflect on what went wrong and pinpoint the imperatives of the future.

Is there something inherent in the development process, asks Soedjatmoko, that is inimical to freedom? Can one draw historical analogies from the examples of two countries that were latecomers to industrialization at the end of the 19th and the beginning of the 20th century — Germany and Japan? Both countries were determined to overcome the other industrial powers, and both became totalitarian in the process. Today's developing countries face even more pressure. More crowded, more hungry, making their way in a world that is larger and more competitive than it was, it is no wonder that human freedom is often given a low priority.

"No," says Soedjatmoko, he refuses to accept the idea that development need be undemocratic. Indeed, for development to be viable over the long run it must constantly enlarge the area of human freedom, human dignity and human rights. Soedjatmoko singles out four influences that have pushed the Third World away from "democratic development."

First, there is the longstanding historic tradition of excessive traditional deference that the new rulers exploit. Second, there is disregard for social justice in the name of efficiency. Third is an excessive preoccupation with stability and security to the point of stifling creative and innovative initiatives. It is not understood by the leadership that "the development effort inherently constitutes a security risk which simply must be taken."

The fourth pitfall, he says, is the

overwhelming disparity between state and society. There is a need to discipline the bureaucracy, but the cards are hopelessly stacked in its favor when there is no official opposition, no free press, or any other countervailing power. Without this, there is no adequate way of knowing when serious mistakes are being made.

Starting Place

Soedjatmoko concedes, though one suspects unwillingly, that in the early years of the development process, the modernizing bureaucratic state that is run, say, by an enlightened military, can get the country moving. But not for long. "There comes a point," he says, "when its momentum cannot be maintained except with the active, voluntary participation of and initiative of the peasant and the small entrepreneur in the countryside and in the cities."

Active and vital cooperatives, credit unions, building associations, health and school societies, cannot be achieved only by governmental fiat. The bottom must have the ingredients of autonomy and self-reliance. And an independent entrepreneurial middle class must be given room for maneuver. Political freedom is necessary to sustain economic impetus over the long run.

Yet this is only a part of it. Soedjatmoko reminds us that we are talking about societies deeply immersed in religious and cultural practices, and that these make up an "inescapable baseline from which modernization has to start." Since in Asia, the great cultures, Islam excepted, traditionally have concerned themselves with the pursuit of freedom through inner detachment, the leap into today's world will be a mighty one.

But Soedjatmoko thinks that there is a chance that this can be done, leading to the "crystallization of less exploitative, more humane and alternative civilizations."

Soedjatmoko in 1980 took over the rectorship of the United Nations University, a creation of U Thant. An institution principally funded by Japan and the Third World (although Britain was an important contributor at first), it is hoping to play a major role in training the next generation of leaders from the developing countries.

Its purpose in a phrase? The "understanding of the dynamics of the modernization of the soul."

The writer is editorial adviser to the Independent Commission on Disarmament and Security Issues.

Letters

Bonn's Allegiance

The people of West Germany, have a perfectly clear-eyed appraisal of the tragic events in Poland, and they condemn them. Those groups which protested NATO's pre-arranged decision, seeking a pacifist future or neutrality, have had a voice disproportionate to their numbers.

But they, and their illusions, are not truly representative. The German people as a whole know that the only future of freedom and prosperity lies in the close alliance of a unified West. No balancing act of Chancellor Schmidt for party or trade considerations will draw their focus from the crystal-clear contrast of the lives of people under Eastern domination and those in free Western order.

PETER VON DER HEYDT.
(The correspondent is a Christian Democrat member of the Bundestag.)

Defense of Austria

I find the casual reference to Austria as "still being anti-Semitic" in the article by Henry Faltie (whose writings I usually admire) in your issue of Dec. 29 puzzling. In frequent visits to Austria — after marrying an Austrian in 1956, for official reasons when I served as an ambassador-at-large in the White House from 1977 to 1981, and for business reasons since then — I have never seen evidence to support this statement.

A foreigner's impressions may

be suspect, but those of a Jewish Austrian should not be; when in 1973 I asked then State Secretary Wodak, who had returned to his native country in 1945 to pursue his career, whether he had ever experienced anti-Semitism he was astonished by the question as he was firmly negative in answering. It, Mr. Wodak, who died a few years ago, had left his country to Nazi persecution of the Jews before the war.

The fact that Austria's head of government is Jewish hardly strengthens Mr. Fairlie's case. Nor does the fact that Austrian Jewish refugees, who were cruelly driven from their homes in 1938, now return regularly and in considerable numbers for vacations, conferences, etc., to a country in which they are especially sensitive to the slightest recurrence of this hostility, which viciously shadowed Austrian history for centuries.

Anti-Semitism is a deadly accusation; it should not be leveled at a country without specific and persuasive evidence. In Austria in 1982 that evidence is not apparent.

HENRY OWEN.

Baden, Austria.

Reagan's Cheese

Amid the volley of brickbats thrown in Mr. Reagan's direction it seems only fair to lob over a compliment on his decision to give surplus cheese to needy families. This is the first glimmer of common sense in a crazy world of price consciousness. Dare we hope that Europe might follow suit? The butter mountain? The Alpine range of dried milk?

NESTA COMBER.

Venice.

Troubled Economy

Two articles in today's Herald Tribune (Dec. 30), one on the front page by Edward Cowan, and the other on the editorial page by Robert de Grasse Jr. and David Gold, are complementary and cumulative in their predictions about the future of the American economy.

Both are profoundly disquieting, for in both either the authors or the experts cited by them express the view that it is the huge deficits forecast or foreseeable in the U.S. budgets for the next few years that may frustrate the recovery of the economy. The deficits will be at-

tributable in large measure to the most costly rearmament program ever undertaken.

Deficits have to be financed by borrowing. Who is going to lend? At what rate of interest? The political need to rearm may be real enough, but remembering the inflationary pressures generated by the Vietnam war I think we should all realize what repercussions the new rearmament program will have on the life of the citizen, on family budgets, on the propensity to save, on education, health and public services.

Inflation saps the morale of a nation and is more destructive of civic decency than any external threat. If the free world is constrained to build its defenses at great cost — as may justifiably be argued — let it do so in full awareness of the implications for the quality of life of the individual. And about these implications the two articles I have mentioned leave the reader with little illusion.

ALFRED L. LEHMANN.

Geneva.

TV and Apartheid

The article by The New York Times correspondent Joseph Lehyld accusing South Africa of extending apartheid by creating a TV service in Black languages (Dec. 10) is an example of prejudice and cultural intolerance. When any country's TV service offers special programs on services to other linguistic and cultural groups (and many of them do) it receives justified praise from all quarters.

But, of course, not so in South Africa. The introduction of a service in Zulu or Xhosa is a "milestone for the system known as apartheid, providing one television service for whites and another for blacks."

This is utter nonsense. Firstly, all viewers (white and black) can view what they like, and the new service will not be beamed "exclusively at black viewers" as Mr. Lehyld claims. Apparently it is unthinkable to him that Zulu- or Xhosa-speaking Blacks could ever want to watch TV programs in their own language, instead of in English. I can assure him that a jazz concert or a professional Soweto soccer game will attract many more black viewers than

"Dallas" will ever do, and it is not difficult to understand why.

While Mr. Lehyld apparently does not see the need to cater for other languages or cultural tastes most other people do. Belgium has one service for the Flemish and a separate one for the Walloons, in Switzerland there are separate French, German and Italian services, Canada has a French service, to name a few.

Apartheid, Mr. Lehyld?

R.H. GORIS.
South African Embassy, Paris.

New Bout for Ali

It was somewhat amusing, reading your account of Ali's latest fight in the Bahamas. I would propose to Mr. Ali that he organize a senior boxing association for fighters over the age of 35. I can manage him for a paltry 5 percent fee and arrange a senior heavyweight championship series with Frank Patterson, Johansen, Bobick, Foreman and the others. The fighter can be assigned handicaps based on age and weight in their prime. We can drag Cosell in to hype the association, get a juicy cable TV contract and make a bundle.

FRANK PIOTROWSKI.

Stavanger, Norway.

Russia's Choice

Mr. Pfaff claims (JHT, Dec. 30) that the Communist government in Russia "is the result of their own choice." The last free election to be carried out in Russia was in 1918. This was the height of the Bolshevik popularity. At that election which was called by the Kermak provisional government and conducted under a system of proportional representation, Lenin's Bolsheviks received 25 percent of the vote, at which point Lenin dissolved the parliament using the Red Guard. There followed a civil war and the Great Terror in which over 60 million people lost their lives. Therefore it seems obvious that the Russians have not chosen the Communist regime which he brought tragedy to them and to the whole world. If they could choose their government the world would be a safer place.

GEORGE MILLER.

London.



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'Good' Gets Exquisite Production in London

By Sheridan Morley
International Herald Tribune

LONDON — Most of my colleagues seem to have decided that either Brian Friel's "Translations" (at the National, from Hampstead) or Peter Nichols' "Passion Play" (briefly at the Aldwych) was the best new play of 1981.

In both those selections they are deeply mistaken. Far and away the best new play of last year was one that turned up at the Royal Shakespeare Company's repertoire at the autumn and has just reopened there for what will be a much longer stay, though tragically this return comes just a month after the sudden and early death of its writer, C.P. Taylor. Having a second chance to see his "Good" confirms my belief not only that it was the major achievement of his remarkable playwrighting career, but also that it will live long after some current award-winners have been forgotten.

A chamber concert in death and destruction, pitched somewhere between "Cabaret" and "Penny from Heaven," "Good" tells the story of a semi-detached German professor called Halder, played in a performance of exquisite other-worldliness by Alan Howard. Since first seeing Howard blinking myopically through this role I have been trying to think why it seemed so strongly reminiscent, and of what, since the performance is unlike anything else I have seen Howard do for the RSC.

Seeing the play again it dawned on me that what he is doing is precisely what his uncle Leslie used to do in such English films of the early '40s as "Pimpernel Smith," the creation of a character so totally self-absorbed that new rules have to be invented for his integra-

tion into the surrounding society. In "Good," that society is prewar Germany; Halder is a well-meaning academic who happens to have written somewhat casually a novel suggesting that in certain special circumstances euthanasia might not, on balance and all things considered, be such a terribly bad idea. Hitler hears of the book, and across six years from 1933 Frankfurt to 1939 Auschwitz, we follow Halder's decreasingly dreamlike involvement with the Nazis.

Counterpoint to Book-Burning

On stage through the evening is a company of 10 actors and five musicians, though only Halder and we can hear the band. It exists in his head, a permanently portable Palm Court quintet playing everything from "A Night in Monte Carlo" to "You Are My Heart's Desire" in increasingly-ghostly jovial counterpoint to the book-burning and Jew-baiting and euthanasia that take up more and more the center of the stage. Then at the last, when Halder starts to run Auschwitz for Eichmann, not especially because he wants to but just because it seems the thing to do at the time, the band finally becomes a reality and it is of course a band of Jewish prisoners.

Taylor himself called "Good" a comedy with music, and in the blackest possible way that is perhaps what it is. But it is also a play about the power of popular music, about the infinite possibilities of self-delusion, and about the dark notion of virtue in the abstract. Halder is not essentially evil, and he is not just obeying orders, at least not in the beginning; or is he especially ambitious, or corrupt, or stupid, or afraid. Like Don Quixote (and predictably he ends up at the Auschwitz railway station reading just that) he would wish the world to pull its socks up and prove benevolent, and if his contemporaries

do at the moment seem a little over-inclined to set fire to books and Jews, well then perhaps sooner or later they might give up and go home and all will be vaguely right again under a German heaven.

In one sense, "Good" has a lot in common with both "Arturo Ui" and "Schweik in the Second World War." Where Brecht showed Nazi history as a comic strip, Taylor shows it in the form of a concert by some Bavarian mountain ensemble. True, they are playing "September Song" some time before it was written, which is curious given the minutely detailed historical documentation offered us by the program, but that apart this Howard Davies production seems as near flawless as any of the '80s thus far. It boasts an immensely strong cast, with Dominic Blythe and Penelope Rieu among the women in Halder's life and Joe Melia in the performance of his career as the wry Jewish friend who insists on injecting reality into Halder's otherwise-engaged existence. Not since the Trevor Nunn-John McKellen "Macbeth" almost five years ago has the RSC come together on a small-scale production of such intensity and triumph, and the achievement has been to turn what might have veered toward nightmare farce ("I'm in love with you and the children but I'm out of a hundred percent sure about Hitler," Halder says to his wife in one of his few moments of lucid doubt) into a play about moral compromise and political uncertainty.

Halder's sole aim is survival without harm to others: When aim is seen to be impossible idealistic, he has no other. All that is left him is the band, and the band plays on. Howard's final shocked realization that it has come to life in the midst of death, a stage image as powerful as any you will find in contemporary theater.

Motivation: The Power of Positive Speaking

By William G. Reddig
New York Times Service

KANSAS CITY, Mo. — Maybe it's because salespeople need a little STP when sales are harder to make. Perhaps the positive-thinking movement grows best in tough times, the way Weight Watchers prosper after a holiday gorge. Maybe Art Linkletter, still trying to light a fire under audiences at age 69, is right — people just miss hearing inspirational speakers the way they performed on the old Chautauqua circuit.

In any case, speakers who make a business out of motivating others are prospering these days. Some have formed what they call "achievement of success" companies featuring a spellbinding speaker with a redundant message. Others have created seminar firms that push upbeat I-can-do-it management techniques. One company, Fred Pryor Seminars, now gives about 1,500 seminars a year across the nation, compared with 500 five years ago.

The larger the audience, of course, the bigger the income potential. And the largest motivational experiment of them all is now under way in the form of a positive-thinking rally called the American Renewal Series. It aims to fill major auditoriums in 22 cities this year. The organizer, Douglas T. Snarr, a former outdoor advertising man and a motivator himself, believes he'll fill the halls, and that those paying up to \$30 apiece for tickets will take away

useful messages "based on truth, not just vain hopes."

This power-of-positive-thinking series was kicked off last month when 11,000 people filled the Kansas City Municipal Auditorium to hear seven speakers at a nine-hour Snarr rally. The organizers claim that the "winners, the self-motivators," not the losers in life, were largely in attendance and will in turn re-ignite their own sales forces.

If audience reaction is an indicator, the rally approach does create some sparks. The mostly middle-class mixture of salesmen, dentists and strivers in business thundered approval for motivators like Norman Vincent Peale, the 84-year-old preacher-philosopher king of positive thinking, and Zig Ziglar, 54, a former cookware drummer turned into a superstar salesman. Even Snarr, a relative newcomer to the field, drew a roof-lifting ovation halfway through his hour-long testimonial when he proclaimed: "There may not be magic, but there are miracles."

Clearly, audience members were willing to pay the fare. Recession times are good times for the personal motivation business, the organizers of the rally say. "These sessions appeal especially to people depressed about their futures, despite a great desire to succeed," said Patrick K. Gray, a Kansas City advertising man who has organized other less ambitious sessions in the last five years. "People like the real estate agents really need us now," said Jerry Pratt, sales director for the Snarr firm.

Like rock stars, rally stars aim to build a loyal following at these events. In Kansas City, they received fees ranging from \$1,200 to \$15,000 apiece for 45-minute appearances. At the top of the list is broadcaster Paul Harvey, who commanded \$15,000 and is raising his rate to \$20,000 this year.

But the bigger money is made later, in follow-up seminars and through sales of message tapes and books that are promoted heavily during rally breaks. After their performances, the speakers scooted around to booths in the auditorium lobby to promote their products. Two of the more popular items were eight cassette tapes by Ziglar for \$95 entitled "How to Stay Motivated," and six tapes at \$69 on "The Challenge to Succeed" by the California motivator E. James Robin.

Just from a mix of speaking fees

Arts Agenda

VIENNA — "Both Brechtman Portrays the Characters and Dreams of Ruth Dreier," a one-woman show based on the career of the Austrian socialist, opens Feb. 14 at Vienna's English Theatre. The show is an adaptation by Alan Levy of the book "The Art of Ruth Dreier" by Morton Dornan Zabel. Performances begin Feb. 9.



"American Renewal" organizer Snarr plans 22 rallies this year.

and message sales, the personal motivation industry may garner \$4 billion this year, Ziglar estimates. Motivation companies have proliferated and expanded in the last five years. The National Speakers Association, in Phoenix, figures that a majority of the 1,700 professional speakers on its list are of the personal success type. Companies with large independent sales forces are the prime prospects for such rallies. But opinion is divided over the usefulness of a show-business-type performance. Two regular ticket buyers, the Amway Corp. and Mary Kay Cosmetics, also hire many of the same speakers for "ignition" sessions, as they call them, for their new sales-

people. Other companies, such as the Prudential Insurance Co. of America, have been testing the waters by sending some new agents to the sessions.

Avon Products, however, which has a sales force of 425,000 in the United States, generally steers clear. "We don't go in for mass sessions outside where the idea is to produce an emotional reaction," said an Avon spokesman.

"It may work for the firm which relies on new, independent salespeople all the time," said Harold W. Fox, a professor of marketing at Ball State University in Muncie, Ind., "but the professional salesman is usually looking for something more sophisticated."

Global Outlook: Optimists Tread Carefully Amid Gloom

By Philip M. Boffey
New York Times Service

NEW YORK — Is life on the earth getting better and better, with the promise of ample supplies of food, energy, income and health care for all? Or is the world headed for an ecological and social disaster, overcrowded, choked on pollution and running out of natural resources?

The debate between optimists and pessimists on these questions has intensified over the last year and a half in the wake of "The Global 2000 Report to the President," a major Carter administration study that found alarming stresses on the earth's resources and environment. Last week, at the annual meeting of the American Association for the Advancement of Science in Washington, the combatants again took verbal swipes at each other.

It became apparent that much of the gloom-and-doom rhetoric of recent years has been based on questionable data and analyses. But the evidence to support an "everything is rosy" view is equally shaky.

The pessimists largely dominated public debate in the 1970s, culminating with the issuance in July, 1980, of "The Global 2000 Report," an effort by 13 federal agencies to chart world trends through the end of the century. The report painted a grim picture of progressive degradation of the earth's

natural resources and its capacity to support life. Agricultural soils were found deteriorating, forests disappearing, deserts spreading, population soaring and crowding into cities. But many experts denounced the report's findings as exaggerated. Rene Dubos, the microbiologist who is professor emeritus at Rockefeller University, called it "hysterical" and "slanted." Herman Kahn, the futurist, called it "disgraceful" and "reprehensible," a hunk of "globaloney."

Critics complained that the downbeat descriptions of life in the year 2000 ignored significant, optimistic trends buried in the report's own data. Both food production and economic output were projected to grow faster than population, for example.

The critics also complained about inconsistencies in the report, the use of trend lines extrapolated from scanty data and a tendency to expect the worst.

Most important, they stressed, as did the authors of "Global 2000," that the report simply projects current trends and thus does not incorporate the likelihood that human beings will take action to avert tragedy.

Six of the principal authors of "Global 2000" appeared before the American Association for the Advancement of Science last week. Most held their ground, but some seemed to retreat a bit.

John D. Pearson, acting chief of the Ener-

gy Department's forecasting branch, acknowledged that the gloomy energy projections of "Global 2000" were probably off by at least 30 percent, largely because of a failure to anticipate the sharp rise in oil prices, shunting demand for energy and discovery of new fuel reserves.

Bruce Ross-Sheriff, a forestry expert with the Office of Technology Assessment, acknowledged the rapid rate of deforestation projected for the tropics by "Global 2000" was cut roughly in half by more recent projections of the United Nations Food and Agricultural Organization.

Patrick M. O'Brien, an economist with the Agriculture Department, acknowledged that superficially the world food situation might seem to be improving. But the cost of converting land to agriculture may exceed the ability of poor countries to pay, he said.

In an interview, Gerald O. Barney, the study's director, said that one of the new data or harsh criticisms fundamentally affected the conclusions of "Global 2000."

The most visible apostle of optimism in recent years has been Julian Simon, professor of economics and business administration at the University of Illinois. Speaking at a separate symposium at the science association's meeting, he contended that "life on earth is getting better, not worse."

He cited statistics indicating improvements in life expectancy, health, diet, air and water pollution, education, housing, income and even crime. As the population grows, so does the number of productive minds, he said, adding that he saw "no reason to believe that these trends will not continue indefinitely."

Several panelists at the meeting found Simon's optimism overdrawn. Alvin Weinberg, director of the Institute for Energy Analysis in Oak Ridge, Tenn., who said he has been called "King of the Technological Optimists," said that Simon tended to ignore limits on the availability of energy that cannot be surmounted by improved technology.

Garrett Hardin, chairman of The Environmental Fund, scoffed at Simon's notion that population growth is a boon because it provides a larger pool of human ingenuity to solve the world's problems. "England now has 11 times as large a population as it had in Shakespeare's day," Hardin said. "But does it have 11 times as many Shakespeares? Does it have even one Shakespeare?"

He likened Simon to a man falling from a high building who concludes that everything is just fine. "Up until the last foot the so-called optimist is always right," he said. "But it's that last foot that hurts."

DeLorean Faces Uncertainty Despite Profit

By Steven Ratner
New York Times Service

BELFAST — In an unsettled corner of this strife-torn city, as many as 80 stainless-steel cars a day have rolled off the assembly line of DeLorean Motor Cars' modern plant, itself the occasional victim of the violence.

But despite that outward mark of success — no mean feat in either Ulster or the depressed automobile industry — the fledgling concern faces an array of problems that appear to worry even the company's founder, John Z. DeLorean.

The company was forced on Jan. 5 to pull back a planned New York stock sale for the second time. The \$12-million offering, at \$12 a share, was to have yielded critically needed capital for the \$90-million cost of developing a larger version of the car, without which no one gives the automaker much chance of long-term survival.

Also, the Northern Ireland Office has balked at providing a huge infusion of additional aid sought by the concern's founder. In the future, officials here said, Mr. DeLorean would have to meet at least half his financing needs from private sources, as other foreign companies are required to do.

The government's Export Credits Guarantee Department has declined to provide \$26 million (\$49 million) in operating capital Mr. DeLorean says is essential to avoid a sharp production cutback.

As a result, "one of the things we are exploring is the possibility of a combination with another healthy automaker," said Mr. DeLorean, 57, a former General Motors executive. He added, "The attraction is that it would give us a big shoulder to lean on."

The company's achievements remain impressive in many respects. Just two and a half years after breaking ground, the first DeLorean sports car, with its gull-wing doors, was sold. Almost at once, the company began to show an operating profit that the founder said would total \$5.7 million in the quarter ended last Aug. 31, after an accounting adjustment.

Partly because of now-abandoned foreign exchange controls here, the DeLorean organization is in intricate combination of corporations and partnerships on both sides of the Atlantic. In Belfast, DeLorean Motor Cars Ltd. was es-



DeLorean sports car leaving the company factory in Belfast.

tablished with \$546,000 in private capital, along with \$83.9 million in government grants, loans and guarantees.

The private capital came from DeLorean Motor Co., a U.S. entity into which the 345 DeLorean dealers put \$25,000 each for a total of \$8.2 million, and investors added another \$8 million. Mr. DeLorean put in no cash but collected 84 percent of the common stock in return for "car development work" that he valued at \$3.5 million.

Instant Fortune

After the motor company took over, another \$18.5 million was spent on development of the car. A new plastics technology called ERM, which Mr. DeLorean included in his trade for the 84-per-

cent stock block, has never proved broadly usable, despite substantial additional spending by the company.

Had the stock been sold at \$12 a share, the paper value of Mr. DeLorean's holdings in a restructured entity, which is to be called the DeLorean Motors Holding Co., would have been \$120 million. The company would have been valued at as much as \$240 million.

The publicity surrounding this instant potential fortune has embarrassed government officials. This and the conservative philosophy of Prime Minister Margaret Thatcher have helped produce tightened purse strings.

The government was attracted to DeLorean by the 2,600 jobs that would be provided in a province

that now has a 17.5-percent unemployment rate, and also because the company was willing to put the plant on the dividing line between Roman Catholic and Protestant neighborhoods. As a result, the work force is roughly balanced between the two groups.

Last spring, when the first Irish nationalist hunger strikers died, production was disrupted and a temporary office building burned, but since then a fragile normalcy has prevailed at the 70-acre site.

But the company has had problems in training its work force. It sometimes has difficulty in meeting production targets, and more quality assurance work than intended is being performed in the United States.

Last week was the second time the company had to postpone a stock issue. A plan to raise \$28 million was dropped last summer, partly because of allegations of wrongdoing by a dismissed public relations director, one of a phalanx of early employees to depart. The charges proved groundless but a number of libel suits are being sorted out.

Bomb Blast in Switzerland

NYON, Switzerland — A bomb exploded in a match factory here Wednesday and a member of an Armenian activist group telephoned a Geneva news agency to claim responsibility. Police said no one was injured. The caller said the blast was the last warning before extreme measures would be taken to secure the release of Marjore Jangochian, jailed in Geneva last month for the murder of a Turkish consular employee.

British Gen. Sir Kenneth Strong, 81, Dies

The Associated Press

EASTBOURNE, England — Maj. Gen. Sir Kenneth Strong, 81, who was Eisenhower's chief intelligence officer in the climactic years of World War II, died Monday of bronchial failure.

Gen. Strong was chief of intelligence at Allied Force Headquarters

how, as a military attaché in Berlin in the late 1930s, he watched the preparations for a big parade of the German divisions that would later invade Europe, their places marked out in chalk on the pavements. He wrote down the details on a piece of paper in his pocket and smuggled it out of Germany.

The firm, founded in Berlin by her father, Salomon Schocken, published Franz Kafka, Martin Buber and others when the Nazi regime ruled that Aryan publishers could no longer publish Jewish writers.

Theodore Alan Huntley

WASHINGTON (WP) — Theodore Alan Huntley, 93, a retired chief congressional correspondent of the U.S. Information Agency and former Washington correspondent for the Pittsburgh Sun-Telegraph and the Detroit Times, died Saturday.

Edmund Keen Gravely

ROCKY MOUNT, N.C. (AP) — Edmund Keen Gravely, 61, president of the China-American Tobacco Co., died Sunday after collapsing at the controls of his private plane. His wife, Janice, managed to crash-land the aircraft in a pine grove and survived with four broken ribs and a fractured pelvis.

Jyotirmoy Basu

NEW DELHI (AP) — Jyotirmoy Basu, 61, a senior leader of India's Marxist Communist Party, and a member of the lower house of Parliament for 15 years, died Tuesday of a heart attack.

Elliott Averett

NEW YORK (NYT) — Elliott Averett, 64, chairman and chief executive officer of the Bank of New York Co., died Tuesday.

Eva Schocken Glaser

NEW YORK (NYT) — Eva Schocken Glaser, 63, president of Schocken Books, Inc., died Tues-

OBITUARIES

ters from February, 1943, to July, 1945.

Paying tribute to Gen. Strong on his retirement in 1966, Eisenhower, who remained a close friend, wrote in a letter, "Because of the secret nature of your work over the past many years, only a relatively few people have any conception of the worth of the great contributions you have made to your country and indeed to mine."

Those contributions included advising Eisenhower on the Allied invasion of Normandy in 1944 and negotiating the Italian and German surrenders. In his 1968 book "Intelligence at the Top," Gen. Strong described

Death Penalty Sought In South Korean Case

Reuters

SEOUL — A prosecutor asked Wednesday for the death penalty for Lee Tae Bok, a South Korean publisher who is charged with violating the national security law.

The prosecutor said Mr. Lee, 30, had conspired to turn South Korea into a Communist country by organizing a student league and a teachers' league and by publishing annexed pro-Communist books. Mr. Lee denied the charges.

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Saudis Say Old Desert Tribal Institutions Stabilize Their Computer-Age Kingdom

By David B. Ottaway

DIRIYAH, Saudi Arabia — It was 236 years ago in this mud-and-brick village that two men, one an outcast Islamic religious reformer and the other a besieged tribal chief, entered into an alliance that gave rise to today's powerful House of Saud and still provides the cornerstone of its political legitimacy.

Under the impact of vast oil wealth and telescoped economic development, the physical landscape of the old Saudi kingdom has changed beyond recognition in just the past decade, with skyscrapers and elevated highways leading into Riyadh, the new capital, visible from the rooftop of one restored mud palace here in the old capital.

In place of the tough Bedouin camel-riding *ikwan*, or brothers, who helped the Saudis impose order and unity on the squabbling tribes of Arabia, a new generation of U.S.-educated Saudis, holders of master's degrees and doctorates, has come to the fore to manage an increasingly computer-directed Saudi society.

But the Saudi family, with its 4,000 princes and princesses, still rules over this desert kingdom of scarcely 5 million people much as it founder, Mohammed Ibn Saud, and his religious ally, Mohammed Ibn Wahhab, did over Diriyah nearly two and a half centuries ago.

"The Saud family has the longest practiced rule not only in Arabia but in the whole of the Middle East," said Abdullah Masry, director of Saudi antiquities and museums. A social anthropologist educated at the University of California and the University of Chicago, Mr. Masry refers with awe to the incredible staying power of the ruling family. "It has not changed an iota, the way of making alliances and keeping them. The Bedouins and other Saudis as well as moved by the continuity of the House of Saud and how they handle their complaints," he added, referring to the *majlis*, the daily open-door sessions where princes meet their subjects and adjudicate their petitions.

A late 20th-century visitor to the kingdom is more than likely to regard the Saudi system of royal rule as highly colorful, even quaint, but altogether ready for the museum of history. Yet many Saudis, even those educated at the best U.S. universities, argue with intensity that it is the very persistence of

traditional Saudi rule that has provided the main rudder of stability in the storm of changes sweeping this ancient land. "That form of stabilizing institution," Mr. Masry said of the *majlis*, "has played a giant role as society changes and dislocations set in."

Another such institution, according to Mr. Masry, has been the Wahhabi religious establishment — the 10,000 or more *ulama*, or holy men, of ultraconservative Islamic faith led by the influential Sheikh family. It is they who enforce prayer five times daily with beat-of-wood *muazzams*, or policemen, keep a tight ban on all liquor, movies and public entertainment other than sports, and see to it that the *sharia*, or Islamic law, is applied to the letter — including public beheadings with a sword.

"Religion is stabilizing here while it was destabilizing in Iran," Mr. Masry said. "There, there was a fundamental antagonism. Here, the political power is continually appeasing the religious constituency."

Mr. Masry's comments about royal Saudi rule and religion go to the heart of what is undoubtedly the biggest political mystery of all Saudi Arabia — the one outside analysts from the CIA and Western embassies to resident company managers and curious visitors, are constantly trying to probe: the degree of stability, or instability, of the family ruling over more than a quarter of the world's proven oil reserves.

Countless Predictions

Few Third World polities have been so closely watched, dissected and picked apart for potential strains and crises as has that of this strategic kingdom. After the shah was deposed in Iran, there were countless predictions of doom about the Saudi family. Among those predicting serious trouble ahead, after an in-depth study, was the CIA. Then, last fall, the debate in the U.S. Congress over the sale of sophisticated AWACS (Airborne Warning and Control Systems) planes to Saudi Arabia, punctuated by the assassination of Egyptian President Anwar Sadat on Oct. 6, raised even nagging doubts about whether the House of Saud was really built on stone or sand.

It is not an easy question to answer. After spending six weeks in the kingdom on two visits last year, I am struck by how little reality is known by outsiders about some of the key sectors of Saudi society, let alone the inner workings of the royal family. "We don't

know as much about this place as we would like to know or should know," confessed one diplomat, who compared Saudi Arabia with its mysteries to China wrapped in its inscrutable ways. "It's impolite to discuss politics here," another diplomat explained. "Saudis think there is something wrong with you if you do. They are too busy making money to talk politics."

Nor are there any public forums of discussion to take soundings of Saudi opinion, other than an occasional appearance by a minister, usually before a student audience. There is no national assembly or even consultative council, and the government-controlled press eschews politics as it does controversy.

When Saudis discuss their feelings, sometimes with amazing frankness even with a foreigner, it is mostly within the sanctity of their homes, which are widely held as inviolable to the police or security forces as are mosques. "They are a very private and family-oriented people," one longtime resident said.

Despite the veil drawn over politics, Western diplomats, longtime foreign residents and most Saudis themselves assert confidently that an Islamic revolution such as swept away the shah of Iran, or an open assault on the House of Saud such as Moslem fanatics carried out on Sadat's Egypt, is unlikely to occur here. They easily list a dozen or more fundamental differences between Saudi Arabia and Iran.

These include the deep reservoir of historical legitimacy underpinning the House of Saud and never enjoyed by the shah, the time-tested alliance between the Saudi religious and political establishments as compared to the long-standing hostility between the two in Iran, the vast network of personal ties and allegiances linking the 4,000-strong Saudi clan to the kingdom's various tribes and families, which had no parallel in the shah's Iran, and the vast sums of money invested in the health, education and social welfare of all Saudis, a policy also never duplicated by the shah.

"I don't see any indications of any instability as a businessman," said William F. Brown, chairman of the American Businessmen's Group of Riyadh, who has been involved with Saudi Arabia for a decade. "As far as internal stability and security go, I am not in the least bit worried."

Yet the unknowns of Saudi political life are so glaring and manifold that such state-

ments seem more declarations of faith than anything else. For example, no outsider really seems to know what is going on within Saudi religious circles, despite the central role played by the powerful *ulama* and despite the real-life drama played out in Mecca two years ago when 300 heavily armed Moslem extremists seized the Grand Mosque.

The Saudis themselves dismiss that black episode as their "Jonestown," an aberration in Saudi behavior as atypical and horrifying to them as the mass suicide of hundreds of wayward cultists in Jonestown, Guyana, was to Americans.

'A Shadow'

Jouhaiman Othba, the leader in the mosque takeover, "was a shadow across the country that was so ugly no one wants it to happen again," said Mahmoud Safar, the deputy minister of higher education. "It got no support from the people," he said, "it showed there was group of people who lost track and did not understand what was going on in the country. The chance of it being repeated is very, very remote."

Saudi officials say they watch their potential Moslem extremists much more closely for danger signs. Above all, the government has sought deliberately to co-opt many of their demands for stricter religious observance, including the removal of many Saudi women from office jobs alongside men.

The general presumption is that the Islamic right has either been pacified or taken in hand. But few if any Westerners are in a position to know what the mood among such extremists really is, any more than they did in Egypt on the eve of Sadat's assassination. Another crucial unknown is the Saudi military, not only as a combat-ready fighting force but as a pillar of security for the House of Saud. No expense has been spared to see to its well-being, either in arms or material comforts, as reporters saw during the Islamic conference last January when they stayed in well-appointed living quarters for air force noncommissioned officers outside Taif.

At the same time, the Saudi family watches closely over the 75,000-man armed forces. There are princes serving throughout the various branches, particularly the elite air force, and this in itself provides a built-in security apparatus no other Middle East leader can match.

In addition, the 45,000-man army is divided up in military cities being built in various



King Khalid



Crown Prince Fahd

parts of the kingdom, all but one far from the capital. Protection of Riyadh itself, as well as the oil fields, is the special duty of the tribally based, 12,000-man national guard. But there is also a 1,000-man royal guard hovering around the ruling family.

All this seems a finely crafted system of checks and balances to prevent a military coup from taking place. But whether it would serve equally well to stop a surprise attack by a small group of religious fanatics, the kind that succeeded in killing Sadat during a military parade in Cairo, is an unanswerable question.

Diplomats and other tend to parry it by arguing that the House of Saud is so vast, with so many potential heirs to the throne standing by, that even a Cairo-style attack on its top leaders would not bring it down. Perhaps least of all is known about the deliberations and decision-making process within the royal family itself. The dynamics of major policy decisions are hidden behind thick curtains of silence. Unlike Washington, little leaks out of Riyadh.

One recent case in point was the eight-point Middle East peace plan of Crown Prince Fahd. The first major really risky international initiative of the royal family, it must have been preceded by prolonged discussions. Yet what is known in Western diplomatic and intelligence circles about its origins and authors, or which members of the royal family, if any, had misgivings, is minimal. Conflicting reports abound.

When it comes to the inner sanctum of the royal family, Saudi Arabia is still very much a jealously guarded secret kingdom.

All these imponderables leave one mostly with impressions and guesses when it comes to predicting the House of Saud's stability or longevity. In many ways, Saudi Arabia, with its vast wealth and tiny population, with its limitless opportunities for money-making and its puritan social mores, is unique among Third World countries.

Certainly there are not the visible signs of stress and strain that so badly scarred the face of the shah's Iran — neither the poverty nor the omnipresent secret police, and no demonstrating students either inside or outside the country.

"I don't know of any political prisoner here per se," said a Western analyst. The worst threat to the House of Saud, according to some longtime residents, is probably an invisible one, the moral crisis of a highly religious society, many of whose members enjoy a lifestyle in private, or abroad, that stands in shocking contradiction to Wahhabi dictates.

But whether there is another Jouhaiman in the making remains the ultimate mystery of Saudi Arabia.

When it comes to predicting its stability, one is likely finally to agree with the comment of an American businessman living here: "This isn't Iran, but this is the Middle East, and the only thing you can expect in the Middle East is the unexpected."

AT&T's Long and Difficult Road to Dismemberment and a New Philosophy

New York Times Service

WASHINGTON — Seventeen directors assembled in the wood-paneled board room of the American Telephone & Telegraph Co. on Dec. 16. They listened quietly as Charles L. Brown, the chairman, presented a report that would lead to the dismemberment of the largest company in the world and to a reshaping of the telecommunications industry.

Talks with the Justice Department about a possible settlement of its seven-year-old antitrust lawsuit against AT&T were ready for a critical stage, Mr. Brown said. The chairman described what he felt should be the company's objective: to divest itself of the 22 Bell System operating companies, which provide most of the nation's local telephone service, in return for a free hand at competing in data processing, computer communications, equipment sales and other lucrative fields, previously prohibited.

"There was unanimous support for moving in this direction," recalled William M. Ellinghaus, president of AT&T, in one of a number of interviews with government and industry figures conducted in Washington and New York last weekend to reconstruct the events that led to the historic settlement of the Justice Department's suit.

But Mr. Brown also wanted to know whether he could have the board's advance approval to settle with the department. He said he felt that the negotiations could develop very fast. Before the meeting at the company's New York headquarters had ended, he received the approval he wanted.

\$137 Billion in Assets

He was authorized to give up AT&T's operating companies — representing two-thirds of its \$137 billion in assets — while keeping the long-distance network as well as Western Electric, its huge manufacturing subsidiary, and Bell Laboratories, its research arm.

Events then occurred rapidly and in secrecy. Interviews with participants, however, now show that the settlement grew out of a series of events that evolved over the last year.

In the U.S. District Court in Washington, AT&T found that its arguments against the Justice Department's effort to dismember the Bell System were being poorly received by the judge presiding over the case. In Congress, there seemed to be a very good chance that legislation would be approved — with backing from the Reagan administration — that would impose restrictions hampering the company's competitive ability. Mr. Brown felt, even more than an out-of-court settlement would.

Finally, and perhaps most important, the thinking inside AT&T had reached a point that would have been unimaginable only a couple of years ago: that it was time to change the very raison d'être of a company that had focused for 100 years on providing local telephone service and to enter a new era, to compete in fields that promise much greater riches in the years ahead.

After Christmas papers between the Justice Department and the company began to be drawn up. Daily phone calls and meetings produced the outlines of a settlement that William F. Baxter, assistant attorney general in charge of the antitrust division, endorsed shortly after New Year's Day.

President Reagan was told last Friday morning by Attorney General William French Smith that the announcement of a settlement was imminent. That afternoon it was made at the Justice Department by Mr. Baxter and Mr. Brown at a news conference.

22 Regional Companies

The settlement, probably the most significant antitrust decision since the original Standard Oil Co. was broken up in 1911, was a surprise. No one really had expected Ma Bell would willingly agree to spin off its 22 regional operating companies, which provide 80 percent of the nation's local telephone service.

Although the specifics of the settlement were a surprise, the settlement itself was not.

AT&T had been buffeted in the past 15 years by technological changes, the advent of competitors for long-distance phone service and the government's antitrust suit. These forces were compelling AT&T's leaders to accept a basic change in direction. Rather than universal telephone service, made possible by an authorized monopoly, the telephone giant would become a smaller, multifaceted company, able to use the muscle it had gained without much competition in the phone business to take on competitors in a burgeoning, unregulated telecommunications industry.

The company, which grew to be the largest in the world with net income of \$6 billion last year on revenues of \$30.7 billion, had thrived for years on the basis of the monopoly created by Theodore Vail, its legendary leader in the early 1900s.

Vail worked out an agreement that permitted the government to regulate the phone company and put a ceiling on its profits. He would ensure that everyone could have service as long as the government protected the company's monopoly and allowed it to charge rates that permitted a profit.

Long-Distance Threat

But while monopoly status helped the growth of the system, there were always questions about whether this was good public policy and whether, indeed, the Bell System was delivering quality service at the lowest possible cost.

These questions, however, were not the threat to the phone company. The threat first emerged in the mid-1960s. The MCI Communications Corp. started a single microwave private line to carry long-distance telephone calls between Chicago and St. Louis for business customers. While not a problem at first, the arrival of MCI showed that new technology could soon challenge the dominance of Bell's interstate network.

Then, in the late 1960s, MCI, headed by William McGowan, asked to tie its microwave system into the Bell organization's local phone lines at both ends. This would make MCI a long-distance competitor, both challenging AT&T's monopoly and threatening the vast source of revenues from long distance that AT&T had depended on to be profitable.

Bell fought MCI for a decade but finally lost in the Federal Communications Commission's Executive ruling of 1978, which opened the long-distance phone market to all comers and required Bell to allow the interconnection of competitors with its phone lines in cities and towns, service that only the Bell System could provide.

Even before the victory for the challengers in the long-distance market, other companies were taking a shot at the giant in the equipment market, which had been almost completely dominated by AT&T's Western Electric Co. Another FCC decision — the Carterfone ruling in 1968 — opened this market to competition. The ruling said Bell's claim that the attachment of competitors' telephones and other terminals might damage the telephone company's network was unfounded.

Selective Competition

As competition heightened, AT&T began to worry. And this was not its only problem. Its traditional phone service was maturing. By now, more than 90 percent of the country was "phoned." Business already had enough ordinary phone service and was now looking to computer and electronic companies for new applications of Alexander Graham Bell's invention.

John deButts, then chairman of AT&T, complained in a memorable speech in 1973 about the competitors who were allowed to use "selective competition" to win business away from Ma Bell. He argued that the company was hamstringing by regulation and had a difficult time responding to the new communications environment. Also, AT&T was restricted by a consent decree signed in 1956 that limited its activities to the regulated telephone busi-

nesses. It was a consent decree that was shutting the company off from new growth areas such as data processing.

These competitive and technological changes had already moved the company to begin responding internally. But it had regulatory trouble. Its proposal to start cellular radio — an advanced form of mobile telephone developed by Bell Laboratories — was first made in 1968, but only at the end of last year did the FCC give the go-ahead. Meanwhile, the Japanese have developed their version and are now ready to compete with Bell.

On top of these pressures came the government's antitrust suit, filed by the Justice Department in November, 1974. The suit charged

... The thinking inside AT&T had reached a point that would have been unimaginable only a couple of years ago: that it was time to change the very raison d'être of [the] company ...

AT&T with anti-competitive behavior, and it sought to break up the Bell System.

Two years later, Bell made a counter move in Congress, with the unveiling in a speech by Mr. deButts of Bell's outline for a national telecommunications policy. The intent, besides protecting Bell's interests, was to outline what the company's role would be and what it could do. Although the bill was rejected in Congress in 1976, it was the catalyst that spawned legislation in the House every year thereafter.

This movement to rewrite the Communications Act of 1934 took its biggest step last year, when the Senate passed, 90-4, a bill that AT&T felt it could have lived with. But the House was on the track of a more restrictive bill.

In September, the antitrust suit took a sharp turn. In a written opinion refusing AT&T's request to drop the government's suit, U.S. District Court Judge Harold H. Greene said: "The testimony and the documentary evidence adduced by the government demonstrate that the Bell System has violated the antitrust laws in a number of ways over a lengthy period of time. On the three principal factual issues the evidence sustains the government's case, and the burden is on the defendants to refute the factual showings."

Now all the forces working against AT&T were at play. Technological change had opened the door to competition and the government and the courts had allowed it to get a foothold. Congress was intent on working out its own solution and there was no guarantee the Bell System could get what it wanted without layers of regulation.

Meanwhile, AT&T had shifted into new

hands, those of Mr. Brown, the new chairman and chief executive officer. Mr. deButts, the link to the old Bell, was gone.

"Very early on in his stewardship, Mr. Brown made it very clear both publicly and within the Bell System that his foremost goal was to try to come to some accommodation with public policy," said Alfred C. Partoll, the company's vice president in charge of state regulation and formerly in strategic planning at AT&T.

"Senior management felt it absolutely necessary to resolve the case one way or another, particularly in light of the reorganization requirements that the Bell System was going through," Mr. Partoll said.

As the weighing in for the settlement, said AT&T officials, was the threat of the appeal, which could take years.

Mr. Brown, in an interview Saturday, said the settlement "would lift a giant cloud" over the company because it also rescinds the 1956 consent decree prohibiting AT&T from entering unregulated businesses, such as data processing.

Economic Giant

Mr. Brown also said he did not like the recent tack in Congress and in recent FCC decisions. He said the restrictions being proposed were a result of the view of AT&T as a giant with enormous economic power. Such a perception, Mr. Brown said, could not be changed "by anything but this."

"This was not what we sought," said Mr. Ellinghaus, president of AT&T. "But the case is seven years old. However it came out in the courts, it would have continued for another four or five years through appeals. It put an air of uncertainty over the company."

"We had come to realize since 1970," Mr. Ellinghaus added, "that a great deal of change has taken place in this country with respect to what people want in regards to telecommunications. So we asked ourselves: What is the policy these days? And we looked at the legislature, the decisions of the regulatory commissions and the courts, and that told us that if we were going to be able to form a company that could compete in the telecommunications industry in the future and provide the service people wanted, then we had better do the restructuring ourselves. So we settled."

As the telecommunications technology exploded with potential new opportunities in the last few years, the official position of the company was to continue to demand access to the new while still holding onto the old.

In 1980, there had been discussions between AT&T and Justice Department officials in the Carter administration, and there appears to have been some discussion about the possibility of a settlement in which AT&T might agree to give up some but not all its local operations.

In 1981, several political forces came together that raised the prospect of further negotiations.

Reagan's Basic Belief

First, President Reagan took office with a strong basic belief in business competition. On a recommendation from Attorney General Smith, Mr. Reagan chose Mr. Baxter, a former Stanford law professor, as assistant attorney general in charge of the antitrust division.

According to Mr. Baxter and Edwin Meese 3d, the White House counselor, there were never any discussions with Mr. Reagan's staff or with Mr. Smith about the AT&T case before Mr. Baxter's appointment.

Overall telecommunications policy was generated at the White House by Mr. Meese and by James A. Baker 3d, the White House chief of staff, and was then debated by the Cabinet Council on Commerce and Trade. The council is headed by Commerce Secretary Malcolm Baldrige. In this panel the administration's telecommunications policy was shaped.

Mr. Meese offered this outline of the policy: "First, to have an effective, cohesive policy permitting competition but maintaining a necessary, integrated system."

"Second, to provide for maximum competition but to be fair to all interests."

"Third, to develop a policy only after hearing from all the forces at play."

"Fourth, to have a policy to accommodate new technological developments in the years ahead."

"Fifth, to make sure that whatever system evolved did provide for a strong national defense."

Mr. Meese said that at no time did this policy translate into a set of instructions for Mr. Baxter in his handling of the lawsuit against AT&T. Mr. Baxter kept Mr. Meese informed of some aspects of the case "only because of the fact that, in parallel, there was legislation developing."

It was widely known in the administration that the Commerce Department wanted the Justice Department to drop the suit outright.

Major Subsidiaries

It eventually turned out that development of legislation in Congress had a critical effect in pushing along negotiations to settle the suit. A major aim of the legislation was to divide AT&T into two principal subsidiaries — one primarily for regulated telephone service and the other for the new unregulated businesses that AT&T has not been permitted to enter. The assured revenues from the former were not to be used to subsidize the latter.

The administration determined early in the year that it would be better to try to resolve the AT&T matter, and also its telecommunications preferences, through legislation rather than through the lawsuit. Mr. Baxter asked Judge Greene last July 29 for a delay in the trial to give Congress more time.

For AT&T, there was reason to prefer a legislative resolution of the public policy issues raised by the antitrust lawsuit.

In July, the Senate Commerce Committee approved a bill to restructure the telephone company and deregulate much of the industry. The bill, sponsored by Sen. Bob Packwood, Republican of Oregon, was far less radical in its approach to divestiture than the suit being pursued by Mr. Baxter.

AT&T would have been allowed to enter certain unregulated markets, such as computers, but only through the fully separated subsidiary. The company would have retained its ordinary telephone service, with regulations still in effect.

But there was for the first time some stirring in the House of Representatives, where AT&T had reason to believe its interests would be less well treated.

Rep. Peter Rodino, Democrat of New Jersey and chairman of the House Judiciary Committee, had withdrawn his long-standing refusal to consider telecommunications legislation until the lawsuit was settled. Rep. Timothy Wirth, Democrat of Colorado, chairman of a key telecommunications subcommittee, was threatening to push legislation that would place enormous restrictions on AT&T.

"We thought we could live with the Senate bill," said Mr. Ellinghaus, the company's president, adding that it did place certain "restrictions" on both research and the operations of Western Electric.

"It made it very difficult to deal within our own organization," Mr. Ellinghaus said further. "As for the Wirth bill, that would have made it impossible for us to render telephone service."

Mr. Baxter had made clear his intentions last April when he said at his first news conference that he intended to litigate the case "to the eyeballs."

In July, after Judge Greene rejected Mr. Baxter's request for a delay pending congressional action, it became obvious to AT&T what he had in mind. Mr. Baxter continued to insist on complete divestiture of local telephone service, and his hand was strengthened immeasurably by Judge Greene's refusal Sept. 11 to dismiss the case.

The Justice Department, Judge Greene

ruled, had demonstrated "that the Bell System has violated the antitrust laws in a number of ways over a lengthy period of time."

There were several things that came together to get AT&T to negotiate with the department, Mr. Baxter recalled.

"First, the case was not going well for them," he said. "Second, as the year wore on, they became more and more painfully aware of the layer upon layer of regulation that was going to come out of the Congress — or indeed out of the court if the court did not itself take the divestiture route."

Mr. Baxter added: "They came to see what I have been saying around this town all year long: that without divestiture, this was going to be the most heavily regulated industry in the world. They liked the prospect less and less. They began thinking about the unthinkable."

Shortly after the fateful board meeting in mid-December, Mr. Baxter began to negotiate earnestly with Howard J. Triepens, the chief company negotiator. It was decided to announce on New Year's Eve that negotiations had resumed.

What is ahead for AT&T? First, final court approval of the settlement may be delayed 60 days or more because of a jurisdictional dispute between federal judges. Then there is Congress, which may have its ideas about the settlement. But these areas aside, some analysts say they think the company made a brilliant deal, leaving itself in a good position to be profitable and competitive.

There are still concerns, which should be heightened in an election year, about the prospect of increased local telephone rates. Both the Justice Department and AT&T dispute this contention. But with the spinoff of 22 operating companies, local service will lose the subsidy it had from the lucrative long-distance business that the reorganized Bell is keeping.

Rep. Robert T. Matsui, Democrat of California, a member of Rep. Wirth's subcommittee, has suggested setting up a national fund to help offset some of the expected local rate increases. He said the fund could be supplied by fees from long-distance telephone companies including Bell, that tie into the new local companies' networks.

Information Services

Rep. Wirth, according to his staff, also has questions about other provisions of the settlement, including AT&T's new ability to enter any business it wants — for example, information services and electronic Yellow Pages.

In the past, Rep. Wirth and others in Congress had opposed AT&T's entry into the data transmission business because the company also controlled the local telephone company over whose lines the information would be distributed. Control over distribution could lead to discrimination against other companies. With the settlement, AT&T and the Justice Department say the company no longer is local control and should be allowed in more areas.

Rep. Wirth is still worried that the company's dominance in the long-distance market will give it a similar chance to discriminate.

Changes that Congress can make affect the settlement may not be severe. Rep. Matsui contends the settlement the department won better than anything that could have been proved by Congress, which was not considering the divestiture of all 22 local companies wholly owned by AT&T.

"Staggering increases appear to be in store especially in rural areas," said Rep. Wirth, whose House subcommittee is rewriting telecommunications laws and will hold hearings February on the entire issue.

If divestiture is completed, the Bell System will be left with its strength, the long-distance service. It will still have Western Electric at Bell Laboratories. Also, the reorganized Bell will be able to get into businesses such as data processing.

Yamani Says Glut 'Will Not Continue'

By Douglas Martin

New York Times Service

RIYADH, Saudi Arabia —

Sheikh Ahmed Zaki Yamani, Saudi Arabia's oil minister, said Tuesday that the world oil glut "will not continue" in large part because of his country's willingness to cut oil output.

The result could be higher prices for gasoline and heating oil, both of which declined in inflation-adjusted terms for most of last year.

Sheikh Yamani said Saudi Arabia could reduce its output to 6.2 million barrels a day from its current 8.5 million barrels without cutting into its multibillion-dollar economic development program.

"We have no problem with revenue requirements," he said.

In an interview, Sheikh Yamani made a number of other points about the energy future of Saudi Arabia and the world.

Although it already possesses more than one-quarter of the world's proved oil reserves, Saudi Arabia is now conducting extensive seismic surveys, the first stage of oil exploration, in areas of the country outside the concession of the Arabian-American Oil Co., which produces more than 95 percent of Saudi Arabia's oil.

"Saudi Arabia is proceeding much more slowly on its plan to increase its production to produce oil at a rate of 14 million barrels a day up from a current level believed to be around 10.7 million barrels a day."

Despite strident Saudi disavowal of Israel's annexation of the Golan Heights, Sheikh Yamani said Saudi Arabia was "in no mood" to use oil as a political weapon against Israel's allies. He said that "the only way to defuse the oil weapon" is "to solve the Arab-Israeli problem."

OPEC's drive to develop a long-term strategy to set prices is stalled, Sheikh Yamani said. "We are revising almost everything, in light of the changes in the energy picture," he said. Once the plan was endorsed to set oil prices automatically, based on economic growth in industrialized countries, inflation and currency values.

Now, Saudi Arabia is pushing for considerably more "flexibility," he said, meaning greater reliance on market forces.

Sheikh Yamani's statements come at a time when petroleum demand in Western nations has fallen more than 7 percent in each of the last two years and consumption of petroleum fuel is increasing by 4 percent a year.

The result has been that growing numbers of Western analysts have expressed the view that OPEC may have difficulty defending its base price of \$34 a barrel, if Saudi Arabia does not substantially trim its production. A key question has been how far it would go.

Sheikh Yamani has previously promised to allow the country's output to fall in response to market pressures, to maintain the \$34 price level. This parallels past moves by Saudi Arabia to adjust output to the interests of other OPEC members that do not have such flexibility.

Nigeria Unmoved on Price

NEW YORK (UPI) — Libya and Algeria have failed to persuade Nigeria to raise the official selling price of its light crude oil at an unpublished meeting in London last week, according to Petroleum Information International.

The newsletter quoted sources at the meeting as saying Nigerian officials resisted pressure to commit their country in advance to increasing the official \$36.50 selling price of its highest quality crude this year.

The sources told PII that Nigeria appeared to concede that its light crude may be marginally underpriced, despite the overall softness of today's market.

"But the Nigerian officials also made it clear the country is not prepared to risk overpricing its crude" by going to the \$37 price posted in Algeria and Libya, the newsletter said.

Statoil Gas Find Doubles Reserves

The Associated Press

STAVANGER, Norway — The estimate of gas reserves in Norway's Sleipner field in the North Sea have been doubled in the last year to 200 billion cubic meters following a new find announced by Statoil, the Norwegian state oil company, on Tuesday.

The new figure corresponds to the estimate of recoverable reserves at the Norwegian-British Frigg field, in production since October, 1979. Statoil said the new find was made about five kilometers (3 miles) west of the Sleipner field's center at a depth of 4,400 meters (14,500 feet).

Sleipner lies between the Ekofisk and Frigg fields 150 miles west of Stavanger, and borders the U.K. continental shelf. Statoil holds 50 percent in the block; Norsk-Enso 40 percent and Norsk Hydro 10 percent. A final decision about development of the entire field is expected next fall.

Fed Analysts See Tight Money Fueling Inflation

By Leonard Silk

New York Times Service

NEW YORK — The prospects for the U.S. economy in 1982 are growing increasingly dismal.

The securities markets have weakened, reflecting anxieties over rising interest rates. The administration's policymakers have insisted that interest rates would come down with inflation, but the markets do not believe it. They foresee pressures intensifying as the government plans for growing budget deficits three years ahead — deficits that were supposed not to happen, as faster growth created enough additional revenue to pay for the big tax cuts.

At the same time, unemployment is climbing faster than expected, reaching 8.9 percent in December and possibly hitting 10 percent in the months ahead.

Is the administration's effort to combine monetarism — tight control of the money supply — with so-called supply-side tax cuts and climbing military spending proving to be a failure? Or is the weak economic performance simply the price for reducing inflation and establishing conditions for strong and steady growth?

The monetarists within the administration and at the Federal Reserve cling to the hope that tight money will beat inflation and inflationary expectations out of the system. But some economists within the Fed have begun to voice sharply dissenting views about the wisdom of trying

ANALYSIS

to use tight money to stop inflation in the face of the huge looming federal deficits.

In the latest issue of the Quarterly Review of the Minneapolis Fed, Thomas Sargent and Neil Wallace, two leading monetary economists, offer what they call "Some Unpleasant Monetarist Arithmetic" to demonstrate that, although tight money in the face of a loose fiscal policy may work temporarily to reduce inflation, it eventually leads to higher inflation.

In fact, they say, if individuals and corporations expect future inflation because of coming big budget deficits and base their monetary demands and actions on these expectations, tighter money will do little to check inflation even temporarily.

To be sure, if money is held tightly enough to damp the economy into recession, as it now has, the slump may cause a temporary decline in inflation. But the

economists believe that sooner or later the necessity of financing huge deficits is likely to breed greater inflation.

At present, the first assumption applies. With the administration setting its own budget and tax course undeterred by the Fed's planned path of monetary growth, the second also appears to hold.

The Sargent-Wallace study does not deny the possibility that monetary policy could permanently affect the inflation rate under a monetary regime that effectively disciplined the fiscal authority, but such a regime does not exist now.

Chairman Paul Volcker and his supporters within the Fed may have tried to discipline the administration — as well as private business and labor — by declaring that they would make only a slowly growing volume of money available, so that inflation was bound to keep receding.

In fact, financial markets have been highly skeptical that the Fed could succeed in this effort, especially in light of the looming huge budget deficits.

The faltering growth of the U.S. economy, rising unemployment and persistently high interest rates, especially on long-term securities, disclose stubborn inflationary expectations and raise grave doubts about whether strict monetarism combined with big budget deficits will work.

GM Agrees to Trim Prices In Line With Costs of Labor

New York Times Service

DETROIT — General Motors and the United Auto Workers have agreed to link the union's acceptance of lower wages and benefits to lower prices for cars sold in the United States.

The company will allow an accounting firm selected by it and the union to examine its records to make sure that all the resulting savings have been passed on.

"This will be a dollar-for-dollar pass-through," Douglas Fraser, the union president, said Tuesday. "If we share a benefit X dollars, then X dollars will be passed on to consumers."

Offer to Ford

The agreement in principle came six months before the expiration of the current contract. The contract reopening was prompted by auto company complaints that high wages for auto workers are making cars too expensive for many consumers and uncompetitive with imports, notably those from Japan.

The union made a similar proposal to Ford Motor, which asked for more time to study it.

The size of the union concessions and resultant price reductions remain to be negotiated. But GM executives said anyone buying a car or truck starting Wednesday would be eligible for a refund once a contract was signed.

The agreement to give the union at least an indirect voice in determining prices and access to corporate books represents a drastic change of custom for the company. When Walter Reuther, then president of the UAW, demanded a 30-percent increase in wages without any increase in car prices in August 1945 and challenged the company to "open its books" to prove it could not afford the increase, company negotiators denounced his proposals as "socialist dreams."

Tuesday, Roger Smith, GM chairman, said "I think this is quite a historic agreement. We've agreed to bargain under the principles we agreed upon today."

Dividend Issue

The company also agreed to an "equality of sacrifice" provision, which means salaried employees and executives will have to make concessions commensurate with those accepted by blue-collar workers, "satisfactory mechanisms" to ensure job security for union members, and a return to the wage and benefit levels of the current contract before a new one, presumably with lower pay levels, expires.

One question that remained was whether GM stockholders would also have to agree to concessions in the form of lower dividends. Mr. Fraser said the issue would be raised; Mr. Smith said the dividend had already been cut.

Messrs. Fraser and Smith said price reductions would have to be "significant" and would have to

last long enough to bring a major increase in automobile sales. Neither would say how large the reductions needed to be, although Mr. Fraser said a \$100 decrease would not be enough.

New U.S.-made cars with the equipment most consumers prefer often cost more than \$10,000.

Mr. Smith said the company would decide just how the price cuts would be made and said it was unlikely there would be a uniform reduction in the price of each model by some fixed percentage or dollar amount. Instead, he said, the price cuts would be made where they would do the most to improve sales.

It is likely that the price reductions will be concentrated toward the bottom of GM's product line.

Mr. Fraser made it clear there were limits to how much can be cut from workers' compensation. He said the basic wage of auto workers' almost certainly would not be cut back. But because wages only account for about \$12 of the \$20 an hour GM says is its cost for labor, sizable savings can be made by reducing paid time off and altering benefit formulas.

According to Mr. Smith, it takes 125 to 135 hours of labor at GM to build an automobile.

COMPANY REPORTS

Revenue and profit, in millions, are in local currencies unless otherwise indicated

United States

Calt Industries

4th Qu. 1981 1980

Revenue 512.9 566.7

Profit 92.3 121.1

Per Share 0.75 1.01

Year 1981 1980

Revenue 2,240.4 2,176.1

Profit 199.6 218.8

Per Share 4.01 3.49

* Per share results adjusted for 2-for-1 split in Dec. 1981.

Int'l Minerals & Chemicals

2nd Qu. 1981 1980

Revenue 409.1 473.1

Profit 92.3 116.1

Per Share 2.60 3.13

1st Half 1981 1980

Revenue 857.4 929.8

Profit 192.2 221.3

Per Share 4.06 3.51

Morgan (J.P.)

4th Qu. 1981 1980

Oper. Net 124.7 92.1

Per Share 3.74 3.27

Net Income 119.1 84.0

Per Share 3.28 2.65

Year 1981 1980

Oper. Net 574.5 367.7

Per Share 16.9 10.9

Net Income 547.7 341.7

Per Share 15.4 9.5

Republic of Texas

4th Qu. 1981 1980

Oper. Net 25.2 32.5

Per Share 1.06 1.25

Net Income 24.0 29.9

Per Share 1.00 1.25

Year 1981 1980

Oper. Net 92.5 128.6

Per Share 3.57 5.17

Net Income 90.7 126.0

Per Share 3.51 5.01

France Hits Prices on Wall Street Lower Claim by ITT

Reuters

PARIS — International Telephone & Telegraph has asked the French government for 375 million in compensation for the proposed nationalization of its assets in France, sources at the Secretariat of Posts and Telecommunications said Wednesday.

The sources said the ITT demand, made in a letter to the government, was "clearly too high."

However, they said negotiations are continuing with ITT as well as with Honeywell and Hoechst.

West Germany, the three foreign firms whose French subsidiaries are to be nationalized.

ITT controls ITT-France which has 17 French subsidiaries, mainly in the telecommunications field. Industry sources said ITT-France is thought to have made a loss on its 1980 sales of 3.9 billion francs (\$675 million).

Shortly after President Francois Mitterrand's election last May, ITT chairman Rand Araskog said there would be no material financial effect on the company if its French unit were nationalized.

The French constitutional council, which rules on the constitutionality of government measures, is due to review the nationalization bill at the end of this week before it can become law. However, this bill covers only the five major French-owned industrial groups and leading private banks.

Prices on Wall Street Lower

NEW YORK — Stock prices in New York tumbled Wednesday in afternoon trading after a feeble rally earlier in the day fell apart amid continuing concerns about interest rates and the economic outlook.

The Dow Jones industrial average gained more than five points by mid-morning but then started to weaken and closed down 8.75 points at 838.95. Declines led advances by around 1100 to 400 and volume slipped to 49.13 million shares from 49.80 million Tuesday.

Chester Pado of G. T. & Co. said the morning's gains were strictly technical and not broad-based. "When traders saw it was a weak rally they started selling into it and the whole thing snowballed," he said.

Other analysts said the early bargain-hunting was not surprising following a drop in the Dow Jones industrial average of 27.30 points since the first of the year and the paper value of NYSE-listed issues down \$54.9 billion.

But observers said investors still were restrained by interest-rate increases amid speculation the U.S. money supply will soar in the next two weeks and the Federal Reserve will respond by tightening credit.

Gold-mining issues came under pressure following news reports a large Middle East sell order had created considerable nervousness

Prices on Wall Street Lower As Rates Dampen Interest

From Agency Dispatches

on international exchanges around midday.

On the London gold market, bullion closed lower on heavy selling at \$380 per ounce, well below Tuesday's \$389.50 finish here, in active trading, dealers said. It was the lowest close at the European bullion centers since the precious metal finished at \$373 on Nov. 2, 1979 at a time when gold was rising to record heights.

The decline reflected heavy European and local liquidations throughout the day, which were only partially absorbed by commodity and investor demand from the Middle and Far East, dealers added.

To corporate oaks, two Marathon Oil shareholders filed a suit in Cincinnati seeking to block the merger between Marathon and U.S. Steel.

The suit charges that officers and directors of both companies did not act in the best interest of shareholders in the merger.

The plaintiffs asked the court to stop the merger on grounds that 8000 shareholders will receive securities valued at less than the \$125 tender offer by U.S. Steel.

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BUSINESS NEWS BRIEFS

U.S. Steel Corp. Reported to Plan Debt Issue

Reuters

NEW YORK — U.S. Steel Corp. will soon return to the U.S. capital market for the first time in 11 years with an offering of \$2.5 billion of 12 percent, 12-year notes, market sources said Wednesday.

The offering is to be made through a group of underwriters led by Goldman Sachs & Co. and is to be priced to yield 17 percent. The sale, if made, would be the largest single debt offering by a corporation in the U.S. market. Many dealers had expected U.S. Steel to make such an offering to finance its recent acquisition of Marathon Oil Co.

EEC Official Says IBM Inquiry to Continue

The Associated Press

BRUSSELS — The EEC investigation of the competitive practices of International Business Machines in Europe will continue despite the U.S. Justice Department's decision to drop its antitrust suit against IBM, an official of the EEC executive commission said Wednesday.

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

Bruce Singer
Special Projects Editor

New York Times Service

Judge Greene said their settlement was a good one and was preferable to continuing the trial, which started a year ago. But he added that "I will not permit the case to be dismissed without proper scrutiny." The agreement stipulates that AT&T is to give up its 22 regional operating companies, which provide most local U.S. telephone service, while retaining its long-distance network, its manu-


The settlement document was filed Friday by AT&T and the Justice Department in the federal district court in Newark. That court has jurisdiction over the 1956 consent decree and its enforcement. Judge Greene cited a federal law

Upon approval, the agreement calls for Bell to come up within six months with a plan of divestiture. The agreement gives the company 18 months — including the six

AT&T Financing Plans
NEW YORK (Reuters) — AT&T said Wednesday that it will raise between \$4.5 and \$5 billion in external debt and equity financing in 1982, down from \$6.6 billion in 1981. The company said its financing plans were not affected by the antitrust settlement.

3-10-1997

Jan. 13, 1982
(Closing prices in local currencies)



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AMEX Nationwide Trading Closing Prices Jan. 13

Tables include the nationwide prices up to the closing on Wall Street

[illegible]

International Herald Tribune
We've got news for you.

Aaron, Robinson in Hall of Fame

From Agency Dispatches

NEW YORK — Henry Aaron, who surpassed Babe Ruth's and became baseball's all-time home run king, and Frank Robinson, the only player ever to win most-valuable-player awards in both leagues and the major leagues' first black manager, were elected to the Hall of Fame Wednesday.

Aaron received 406 of a possible 415 votes — a 97.8 percent margin — and Robinson 370 votes, or 89.1 percent of the possible vote.

Aaron and Robinson are the 12th and 13th players ever selected in their first year of eligibility.

The annual voting was conducted by 10-year members of the Baseball Writers Association. Aaron and Robinson will be formally inducted into the Hall of Fame in Cooperstown, N.Y., Aug. 1.

Marital Close

Close behind, but failing to gain election by seven votes, was former San Francisco Giant pitcher Juan Marichal. Marichal received 305 votes in his second year of eligibility, a gain of 72 over last year.

No other candidate came close, although several showed gains over previous years. Harmon Killebrew, with 246 votes, finished in fourth place and improved seven votes from last year. Shortstop Luis Aparicio made the most notable gain, receiving 174 votes compared with 48 last year.

Relief pitcher Hoyt Wilhelm finished fifth with 236 votes, followed by pitcher Don Drysdale (233).

first baseman Gil Hodges (205), Aparicio, pitcher Jim Bunning (138), second baseman Red Schoendienst (135), second baseman Nellie Fox (127) and outfielder Richie Ashburn (126).

Cross-Handed

Aaron, who as a boy was a cross-handed-hitting softball player, broke baseball's most honored record — Ruth's all-time mark of 714 career home runs. He did it April 9, 1974, and went on to compile a total of 755 during a career with the Atlanta Braves and Milwaukee Brewers from 1953 through 1975.

Aaron was a line-drive-hitting outfielder/infielder when he joined the Braves in 1953. He combined durability and consistency to surpass Ruth's record, which most observers thought unbeatable. No. 715 came suddenly and dramatically — on his first swing of the 1974 season at Atlanta in 1974. The blow came off Al Downing of the Los Angeles Dodgers.

Aaron had a .305 lifetime batting average, 3,771 hits, 2,297 runs batted in and led or tied for the league lead in homers and RBIs four times each. He had a single-season high of 47 homers in 1971 but hit 40 or more in eight seasons and 30 or more in seven other seasons.

Irony

It was ironic that Aaron should turn out to be the player who broke the home run record that the Ruthian legend meant little or nothing to a youth growing up in

the black community of Mobile, Ala. in the 1930s and 1940s. It wasn't until 1947, when Jackie Robinson signed with the Brooklyn Dodgers and broke baseball's color line, that Aaron even thought of becoming a professional baseball player.

Aaron was one of eight children born to Herbert and Estelle Aaron. His father was a riveter. Aaron played football and softball at a Mobile high school that couldn't afford the equipment for baseball. He was offered a college football scholarship but turned it down to play semipro baseball with the Mobile Black Bears and the Birmingham Indians of the CIOUWS.

Aaron was purchased by the Braves' Dewey Griggs for \$2,500. Asked by General Manager John Quinn to evaluate the young prospect, Griggs replied, "To tell you the truth, the field was so wet when he played that I couldn't judge whether he's a shortstop or not."

"But it's worth \$2,500 just to watch him swing that bat." A right-handed hitting outfielder who spent most of his career with the Cincinnati Reds and Baltimore Orioles between 1956 and 1976, Robinson hit 586 homers during his career — a total surpassed only by Aaron's 755. Ruth's 714 and Willie Mays' 660.

Robinson won his first MVP award as a National League with the Reds in 1961 and his second as with the American League Orioles in 1966.

Robinson said that his trade from Cincinnati to Baltimore before the 1966 season, when he was 30 years old, was a turning point in his career. "I was hurt and angry," he said. "I believed I wasn't an old 30. I drove me. I knew I was still a good player."

That season, Robinson was a rare winner of a batting triple crown — he led the American League with a .316 average, 49 homers and 123 RBIs.

He became baseball's first black manager when signed by the Cleveland Indians in 1975. He managed the Indians without conspicuous success for two and a half seasons until Jeff Torborg took over in June, 1977. He complained that he had not been given a thorough trial because of racial resentment and hinted that he never again would get a chance to manage a big league team.

A second chance came, however, when he was named to manage the San Francisco Giants for the 1981 season.

Robinson played in 2,808 games and compiled a .294 lifetime batting average with 2,943 hits and 1,812 RBIs. He hit better than .300 in nine seasons and drove in more than 100 runs in six.

Robinson played in five World Series and had a .250 average with eight homers and 14 RBIs in 26 games. He also appeared in 11 All-Star Games.

Robinson recalled the first time he saw Aaron play. "He looked like a skinny kid, easygoing, unemotional, not flashy."

Scouting Report

"That's the way he was as a young player and as an old player," said Robinson. "It always seemed to me I had to work hard, and he made it look so easy. I tried to learn from every player I played against and with."

Asked what kind of scouting report he would give a pitcher preparing to work against a hitter like himself, Robinson said, "Don't try to intimidate him. Don't get him upset. Give him your best stuff, but don't rile him. Don't wake him up."

49ers' Walsh: Chance to Smarten Up a Longtime Doubter

By Dave Anderson

New York Times Service

SAN FRANCISCO — In another of the quakes of fate that often govern sports, Bill Walsh, the 49ers coach, now has an opportunity in Super Bowl XVI to remind Paul Brown that the Cincinnati Bengals' creator made a mistake six years ago in choosing his own successor.

At the time Brown, 67, had finally decided to end his career as a National Football League coach. Three decades earlier he had organized the Cleveland Browns, the team named for him. Later he had assembled the Bengals' expansion franchise. But when the 1975 season ended he no longer wanted to see the sidelines in his own name.

As an organization man, Brown, now just a vice president and the general manager, surely would select one of his assistant coaches for the main job. On his staff was a bright quarterback tutor named Bill Walsh.

But Brown named Bill Johnson

instead. Walsh was disappointed and angry at being passed over. He applied for the New York job that eventually went to Lou Holtz. Then, in quiet protest, Walsh moved to the San Diego Chargers as their offensive coach.

He'll Never Make It

"When that happened," says someone familiar with the Bengal situation then, "Paul Brown told Bill that he would never be a head coach in the NFL." Brown obviously underestimated Walsh's talent.

In only three seasons, Walsh has lifted the 49ers from a 2-14 record to the National Conference championship and a Super Bowl matchup with Brown's Bengals in Pontiac, Mich., a week from Sunday.

Outwardly, there is no vestige of resentment in Walsh. "It was a great experience for me to be with the Bengal organization for eight years," he said. "I wouldn't be where I am now if not for the

many lessons I learned in Paul Brown's organization."

Five weeks ago Walsh used some of those lessons in the 49ers' 21-3 regular-season victory at Cincinnati.

"I had aspirations for the Bengal job," Walsh acknowledged. "I had hopes. But there was no bitterness toward Tiger Johnson, who was a very competent coach and a good friend of mine. No bitterness on my part at all. Only vast disappointment."

As it turned out, Johnson was not a successful head coach. He was soon dismissed and then Brown made another questionable choice — Homer Rice — before hiring his current coach, Forrest Gregg, once discharged by the Browns.

But when Walsh was a candidate for the Jet job, he felt that Brown's decision to name Johnson affected him, too. "I was one of two finalists for the job; the other was Lou Holtz, of course," Walsh recalled.

"And what hurt my chances, I believe, was the Jets' figuring how I could be a very good head coach if Paul Brown had passed me over when he needed a head coach?" Holtz did not even finish the 1976 season with the Jets. He resigned to coach the University of Arkansas. And in 1977 Walsh took over at Stanford.

NFL Standings

WALSH CONFERENCE						
	W	L	T	Pct	GP	PTS
NY Islanders	25	11	5	.707	140	245
Philadelphia	22	16	2	.577	140	227
Pittsburgh	19	17	6	.528	142	219
NY Rangers	19	17	6	.528	142	219
Washington	12	25	4	.323	141	183
Atlanta	12	25	4	.323	141	183
San Jose	12	25	4	.323	141	183
Los Angeles	12	25	4	.323	141	183
San Francisco	12	25	4	.323	141	183
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Saskatoon	12	25	4	.323	141	183
Regina	12	25	4	.323	141	183
Calgary	12	25	4	.323	141	183
Edmonton	12	25	4	.323	141	183
Chicago	12	25	4	.323	141	183
Minnesota	12	25	4	.323	141	183
Seattle	12	25	4	.323	141	183
Edmonton	12	25	4	.323	141	183
Calgary	12	25	4	.323		

Art Buchwald

Zero-Based Luncheon

WASHINGTON — "Lunchtime, everyone. Class dismissed."

"Elizabeth, what are you doing with that tray?"

"Getting some lunch."

"Your name isn't on the list. You are not entitled to lunch."

"How come my name is not on the list?"



Buchwald

"Your parents did not fill out the correct forms. Under new government guidelines, only those children whose fathers and mothers make less than a certain salary each year are eligible for a free lunch. You can't eat until your parents prove you are entitled to the food."

"Yes, ma'am. What should I do while the other children are eating lunch?"

"You can read something."

"What do you want me to read?"

"You can read the new government regulations concerning free lunches. Then you can explain it to your parents."

"Yes, ma'am. Where should I sit while I'm reading the thing that says I can't have lunch?"

"You can sit with the children eating their lunch, but you're not to touch their food."

"Watching other kids eating makes me hungry. Could I go over to the corner by myself and read this paper?"

"No, that would make you special, and you cannot have extra privileges just because you're not eligible for the hot lunch program."

"Teacher, I'm trying to read this thing, but I don't understand one word."

"That's because you're not con-

Rubik's Cube at Yale

United Press International

NEW HAVEN, Conn. — Rubik's Cube, the Hula Hoop of the 1980s, is being pursued as scholarship at Yale University. "The Magic Cube," a 14-week undergraduate seminar, requires reading three books, writing a short paper and taking a mid-term exam, along with the manual work of rotating the tiny plastic multi-colored cubes to create solid colors on the face of the larger cube.

centrating Elizabeth. You're daydreaming aren't you?"

"Yes, ma'am."

"What were you daydreaming about?"

"Lunch. I was thinking how nice it would be to have one."

"Elizabeth, I know it's difficult for someone in the sixth grade to understand what is going on in the country. But President Reagan doesn't have enough money to give everyone a school lunch. He can only give it to poor children."

"My father says we're poor."

"Yes, but you're not poor enough. You have to be very, very poor to get a free lunch."

"Does the president get a free lunch?"

"He gets an allowance, and his lunch comes out of his allowance."

"I don't get an allowance."

"Perhaps someday when you grow up and become president you will."

"How am I going to grow up and be president if I don't eat lunch?"

"There is no reason to get sassy, Elizabeth. There are people in Washington working day and night trying to cut the fat out of the budget, and one of the areas where they decided there was too much waste was in free school meals. They hope to save \$50 million in this program alone."

"What are they going to do with the \$50 million?"

"They're going to give everyone a tax cut so people will have more money to buy lunches."

"Will I get a tax cut so I can buy lunch?"

"Of course not. You have to work to get a tax cut but your Daddy said he doesn't want to work enough money to get a tax cut."

"He may not get one directly, but the tax cuts other people get, will trickle down to him in time."

"How?"

"It's all in the regulations, if you would just stop wasting your lunch hour, and read them."

"Who wrote this thing?"

"David Stockman. He's the man the president has made responsible for seeing that the wrong children don't get free lunches."

"He got any kids?"

"No, he happens to be a bachelor. Why do you ask?"

"No reason I can think of."

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A Hostage's Year of Freedom

Michael Metrinko's Voyage Of Re-Discovery

By Fred Bayles

The Associated Press

CAMBRIDGE, Mass. — After the parades and interviews, after the 20,000 letters from strangers and an emotional hometown welcome that "really ripped me up," former hostage Michael Metrinko decided it was time to see the United States.

Each of the hostages has a story. This is Metrinko's. At 35, the Olympian, Pa. native had seen most of the world from his own country. He had been overseas since 1968, first as a Peace Corps volunteer, then as a Foreign Service officer.

His last seven years were spent in Iran, the last 444 days as one of the 52 U.S. hostages. For 10 months, he was held in solitary confinement.

And there he dreamed of America. So when the first crush of welcome died down after his release, Metrinko decided to cut out. He bought a car and spent the next six months on the road.

He drove to Alaska, stayed on a ranch in Oklahoma, traveled Idaho's Ponderosa Pine Trail and attended church services in a tiny fishing village on Kodiak Island, Alaska.

"Reborn Patriot"

He saw the country with what he calls a "stranger's eyes" and returned a "reborn patriot."

"I can be very lyrical about it," he says, sitting in his sunny Cambridge apartment. "How big it is, how beautiful it is."

And when the talk turns to the American people, strong feelings nearly overwhelm his usually articulate thoughts.

"I was struck with how many different types of people there are here and they're all still Americans," he says.

"Farmers down in Oklahoma or Southern in Alabama. Alabama is very different from Oklahoma. It's absolutely different from Pennsylvania. And then there's Colorado. I could just go on like that. It's tough to talk about it like that because I'm not really sure what I want to say."

The wanderlust that sent Metrinko into the heartland is nothing new. A graduate of Georgetown University, Metrinko joined the Peace Corps in 1968 largely because he wanted to travel.

He taught in Turkey and Iran,

then joined the State Department, serving in Turkey, Syria and Iran. He came home for a few weeks every two years, but he didn't miss the United States. He was fascinated by the way of life in other countries, particularly Iran.

"I liked the fact that things there were a lot simpler, far less based on technology," he said. "I spent all sorts of time watching a life that had all the qualities of a museum piece."

Links to the past are important to Metrinko, a soft-spoken, humorous career diplomat who is completing a course in public administration at Harvard's Kennedy School of Government.

His family has lived in the same house since 1904 and he keeps a copy of his grandfather's birth certificate on his wall. "I know exactly where he is from, and who his grandfather was. It gives you an anchor," he said.

He said his roots helped get him through the captivity in Tehran, where he spent weeks on end, alone in a room or cell, bound with rope or handcuffs. He had little to do, little to read.

He developed the habit of exercise in his cell and now has exercise equipment in his apartment.

"I planned the trip a thousand times," he said. "I wanted to see Alaska and thought about Hawaii and wanted to see the Rocky Mountains. What I really wanted to see was anything green, and sky, because for months and months and months I only saw concrete. I wanted to see America."

But traveling had to wait until the Iran airport to his hometown along a route that usually takes 20 minutes. It took Metrinko seven hours.

"It really ripped me up," he said. "You keep busy waving and smiling, but I felt as if I was hiding the real part of myself away."

There were 20,000 letters from grateful Americans. He read all of them. Many were personal, emotional messages that deeply touched Metrinko.

He remembers one letter that read: "My son died in World War II and I have been alone since then. You make me feel like you're my son."

"It was that focusing of a lot of emotion, a lot of loneliness that people feel on us and on our families," Metrinko said. "It was probably good for a lot of people."

Need to Escape

It proved too much for Metrinko and he still bears the emotional scars. He doesn't like to have his picture taken, afraid people will recognize him. He is amused that reporters still seek him out. But a year ago, with people coming to talk to him, to thank him, Metrinko felt the need for escape.

"That's when I decided I had to get away from everything and just go off on a long trip," he said.

He flew to Denver and San Francisco to visit friends. Then he and his parents flew to Hawaii as the guests of the governor. It whetted his appetite for more.

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PEOPLE: 'Elephant Woman' Quits Hospital After Surgery

Lisa H., the 21-year-old college student who underwent radical surgery on Dec. 9 to rid herself of disfiguring facial tumors caused by a rare genetic disease, has been discharged from the University of Pennsylvania Hospital in Philadelphia.

Lisa H., 21, who has been chosen to be called to protect her privacy, is a victim of neurofibromatosis, the disease that afflicted John Merck, the 19th-century Englishman who was known as "The Elephant Man." Members of her family and people at the hospital are impressed with the improvement in her looks, even though the swelling from surgery has not totally subsided.

But Lisa H. did not yet look at herself in the mirror to make her own evaluation. "No, I haven't looked at myself and I won't for a while," she said. "There is still some swelling and I'm not ready to do it."

There's an old joke about a guy who goes to a psychiatrist because he likes pancakes. "Nothing wrong with that," says the shrink. "I like 'em myself." "Great," says the patient. "You just visit me—I have trunks full." Now consider a young man on the market for \$997,500. He said he'd take part of the price in his favorite candy bars. Along came Bob Roget, who offered to buy the house for \$658,350—plus 1 million candy bars. Augustus says he's considering the offer.

One problem would be how to accept payment. As Augustus said, "For a start it wouldn't be practical for all 1 million bars to be handed over on settlement day. We would have to spend all day counting them. Storing them could also be a bit of a problem. A million bars is about two weeks' supply for the whole of Australia."

"Pasiphae" a 1943 work by Jackson Pollock, has been sold to the Metropolitan Museum of Art for \$1 million by Lee Krasner Pollock, the painter and widow of the artist. The price is the highest yet for an early work by Pollock that precedes the period beginning in 1947, when he began his spontaneous method of pouring paint onto the canvas in all-over webs of color.

Elizabeth Taylor "should give up looking for a husband and an architect," So said Los Angeles fashion designer Richard Blackwell in a catty reference to Liz's weight problem as he chose her among his 10 worst dressed women of 1981. Also on his 22d annual list: Dolly Parton, "gorgeous from the neck down," Bernadette Peters, "a kinked and curled Keopie doll on a hayride," Lynn Redgrave, "in knickers her knees look like knockers," Barbara Mandrell, "Yukon Sally playing the Alamo," Loretta Lynn, "up the music charts, down the fashion charts," Dallas, "looks like Mount St. Helens erupting," Jane Seymour, "fashionable by accident," Elizabeth Gammon, "who with her husband designed the wedding gown for Diana, Princess of Wales," and pop singer Shazna Easton, a "London roadrunner dressed for the fog."

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